Risk Factors Comparison 2024-02-20 to 2023-02-22 Form: 10-K

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Our business is subject to a number of risks and uncertainties that may affect our business, results of operations and financial condition, or the trading price of our common stock or other securities. We caution the reader that these risk factors may not be exhaustive. We operate in a continually changing business environment, and new risks and uncertainties emerge from time to time. Management cannot predict such new risks and uncertainties, nor can it assess the extent to which any of the risk factors below or any such new risks and uncertainties, or any combination thereof, may impact our business. The risks identified below are more fully described in Part I, Item 1A, " Risk Factors ". Such factors include: Risks Related to Our Industry • changes in economic conditions **affecting demand for air travel** , including **from** economic slowdowns, recessions, inflationary pressures, rising interest rates, financial market fluctuations, supply chain challenges ~~and~~ **,** reduced credit availability **, global conflict and public health threats** ; • the ability to attract and retain qualified personnel at reasonable costs or maintain our company culture; • the ability to operate in an exceedingly competitive industry against legacy network airlines, low- cost carriers (" LCCs ") and other ultra low- cost carriers (" ULCCs "); • the price and availability of aircraft fuel; • compliance with, and any changes in, governmental regulation; • any restrictions on or increased taxes applicable to charges for non- fare products and services paid by airline passengers or the imposition of burdensome consumer protection regulations or laws; • the impact of climate change and related laws, regulations **, litigation** and changing consumer preferences; • environmental and noise laws and regulations **; • factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, government shutdowns, major construction or improvement projects at airports, aircraft and engine defects, U. S. Federal Aviation Administration (" FAA ") grounding of aircraft, adverse weather conditions, increased security measures, or new travel- related identification requirements, taxes or fees, natural disasters or outbreaks of disease** ; • competition from air travel substitutes; • future public health threats or outbreaks of disease, including pandemics similar to the COVID- 19 pandemic, as well as measures to reduce the spread of such disease and the related economic impact, that negatively impact the demand for air travel; • threatened or actual terrorist attacks or security concerns; • ~~factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, government shutdowns, major airport construction, aircraft and engine defects, adverse weather conditions, increased security measures or outbreak of disease; •~~ our presence in international emerging markets that may experience political or economic instability and a failure to comply with legal requirements; • increases in insurance costs or inability to secure adequate insurance coverage; **and** • decline in, or suspension of, funding or operations of the U. S. federal government or its agencies ~~; and • deployment of new 5G C- band service by wireless communications service providers~~ . Risks Related to Our Business • our failure to implement our business strategy successfully; • our ability to control our costs and maintain a competitive cost structure; • our ability to grow or maintain our unit revenues or maintain our non- fare revenues; • our ability to grow our fleet is dependent on a limited number of suppliers **; • the long- term nature of our fleet and order book which commits us to Airbus aircraft and the engines available for such aircraft for a substantial period of time into the future** ; • any increased labor costs, union disputes and other labor- related disruptions; • our inability to expand or operate reliably and efficiently out of airports where we maintain a large presence; • any damage to our reputation or brand image; • our reputation and business being adversely affected in the event of an emergency, accident, or similar public incident involving our aircraft or personnel; • increasing scrutiny and evolving expectations from customers, regulators, investors and other stakeholders **or competitors** with respect to our environmental, social and governance practices **, commitments or the quality or progress thereof** ; • any negative publicity regarding our customer service; • our inability to maintain a high daily aircraft utilization rate; • being highly dependent upon cash balances and operating cash flows; • our ability to obtain financing or access capital markets; • ~~the long- term nature of our fleet and order book and the unproven new engine technology utilized by the related aircraft; •~~ our maintenance obligations; • aircraft- related fixed obligations and obligations under other debt arrangements that could impair our liquidity; and • our reliance on third- party specialists and other commercial partners to perform functions integral to our operations. PART I ITEM 1. BUSINESS Overview Frontier Airlines **, Inc. (" Frontier ")** is an ultra low- cost carrier whose business strategy is focused on Low Fares Done Right. We are headquartered in Denver, Colorado and offer flights throughout the United States and to select near international destinations in the Americas. As of December 31, ~~2022~~ **2023** , we had a fleet of ~~120~~ **136** Airbus single- aisle aircraft, consisting of ~~13~~ **8** A320ceos, 82 A320neos, 21 A321ceos and ~~4~~ **25** A321neos. Our unique strategy is underpinned by our low- cost structure and superior low- fare brand. Our Business Model Our business model is based on our unique Low Fares Done Right strategy. While our strategy is similar to the business models utilized by other ULCCs, including with respect to low- cost structure, low fares and flexible optional services, we believe Low Fares Done Right differentiates us from other ULCCs as a result of our focus on delivering a ~~higher- quality,~~ family- friendly customer experience with a more upscale look and feel than traditionally experienced on ULCCs globally. From the perspective of our customers, our business model provides a product offering that combines low base fares with dependable customer service, a customer- friendly digital platform, a rewarding frequent flyer program, a modern fleet, comfortable cabin seating, flexible optional services and operational integrity. Our Competitive Strengths & Our Business Strategy — Low Fares Done Right Our goal is to offer the most attractive option for air travel with a compelling combination of value, product and service, and, in **doing** so ~~doing~~ , to grow profitably and enhance our position among U. S. airlines. Through the key elements of our business strategy, we seek to achieve: Low Unit Costs. Our low- cost structure, built around low aircraft ownership cost, fuel efficiency and low operational costs, is our key strategic advantage. We intend to strengthen and maintain our low unit costs, including by: • maintaining high utilization levels ~~as the U. S. market~~

~~continues to recover from the COVID- 19 pandemic~~ ; • utilizing new generation, fuel- efficient aircraft that deliver lower operating costs compared to prior generation aircraft; • increasing the average size and seat capacity of the aircraft in our fleet through the continued introduction and operation of ~~the~~ 186- seat A320neo aircraft and ~~the recent introduction of the~~ 240- seat A321neo aircraft; • utilizing a low- cost distribution model, with our services primarily sold through direct distribution channels including our website, mobile app and contact centers; • maintaining a highly productive workforce and third- party specialist providers; • outsourcing non- core functions, including customer contact centers, lost bag services, ground handling services and catering services; and • taking a disciplined approach to our operational performance in order to reduce disruption. A Superior Low- Fare Brand. In order to enhance our brand and drive revenue growth, we **aim** ~~intend to continue~~ to deliver a higher- quality flight experience than historically offered by ULCCs globally and generate customer loyalty by: • continuing to offer attractive low fares; • expanding our marketing efforts, including family- friendly elements that appeal to a large audience, such as an attentive staff, popular animals on our aircraft tails and novelty cards for children, particularly highlighting endangered species, and certain offers tailored for families including our Kids Fly Free program to continue to position our brand as a family- friendly and environmentally- ~~friendly~~ **conscious** ULCC; • continuing to improve penetration of our reasonably priced bundle options ~~, including The Works~~ and **further enhancing our** ~~The Perks, introducing the new~~ GoWild! All- You- Can- Fly Pass, ~~and further enhancing~~ our Discount Den membership program and our ~~Frontier~~ **FRONTIER** Miles **frequent flyer program** ~~offering to improve reward opportunities for our branded credit card customers~~ ; • maintaining our focus on sustainability and environmental responsibility, including our position as " America ~~'~~ **'** s Greenest Airline " as measured by fuel efficiency (available seat miles (" ASMs ") per fuel gallon consumed **during the year ended December 31, 2023; compared to all other major U. S. carriers**); • modeling a carefully curated aesthetic for our livery, our website and mobile app, uniforms, seat design and on- board products, which are designed to look and feel more upscale than traditional ULCCs; • maintaining a strong online presence with a customer- friendly digital platform that includes our passenger reservation system, ~~improved~~ website and mobile app; • operating a modern fleet with amenities such as extra seat padding and **premium** ~~our exit row and Stretch~~ seating options, which provide ~~up~~ **extra legroom as compared** to **our standard seating** ~~a comfortable 53- inch seat pitch depending on aircraft type~~ ; and • providing our customers a dependable, reliable, on- time and friendly travel experience. Strong Growth Driven by an Expanding and Efficient Network. We ~~believe that our cost structure enables us to fly to more places profitably than any other U. S. airline, and we~~ strategically focus on routes ~~that~~ **where** we believe our business model will stimulate demand and growth. This strategy has **historically** enabled us to reduce the seasonality of our revenue, improve utilization, lower unit costs, increase revenues and enhance profitability ~~from 2013 through 2019, prior to the impacts of the COVID- 19 pandemic, and has us well positioned for success as demand continues to recover~~ . We intend to continue to utilize our disciplined and methodical approach to expand our network in an efficient manner, including by: • strategically deploying our capacity where demand is highest; • continuing to take advantage of opportunities in overpriced and / or underserved markets across the United States and select international destinations in the Americas; • leveraging our diverse geographic footprint and existing crew and maintenance base infrastructure to take advantage of lower- risk network growth opportunities while maintaining high operational standards; • utilizing our low- cost structure to offer low fares which organically drive growth through market stimulation; • **enhancing our out- and- back scheduling approach, which we believe will help drive improved efficiencies and operational recoverability, as well as reducing crew travel costs; •** continuing to rebalance our network to mitigate seasonal fluctuations in our results and discontinue underperforming routes; and • focusing on what we believe are the most profitable opportunities where our cost differential drives the largest competitive advantage. Our Talented ULCC Leadership Team. Our management team has extensive day- to- day experience operating ULCCs and other airlines. • Barry L. Biffle, our ~~President and~~ Chief Executive Officer, previously served as Chief Executive Officer for VivaColombia, Executive Vice President **and Chief Marketing Officer** for Spirit Airlines **,** and held various management roles with US Airways and American Eagle Airlines, a regional airline subsidiary of American Airlines; • James G. Dempsey, our **President, previously served as our** Executive Vice President and Chief Financial Officer, **and** ~~previously served~~ as Treasurer and Head of Investor Relations for Ryanair ~~after serving~~ **; • Mark Mitchell, our Senior Vice President and Chief Financial Officer, previously served as our Vice President, Finance and Investor Relations as well as our Chief Accounting Officer, and prior to that, served** in ~~management roles within the advisory practice of PricewaterhouseCoopers~~ **various leadership capacities for Starwood Hotels and Resorts Worldwide and Starwood Vacation Ownership** ; • Howard M. Diamond, our ~~Senior~~ **Executive** Vice President, ~~General Counsel~~ **Legal and Corporate Affairs** and Corporate Secretary, previously served as Vice President, General Counsel, and Corporate Secretary for Thales USA; • **Rajat Khanna** ~~Jake F. Filene~~ , our Senior Vice President ~~, Customers, previously served as our Deputy Chief Operating Officer and as Vice President, Airport Services and Corporate Real Estate for Spirit Airlines; • Craig R. Maccubbin, our Senior Vice President~~ and Chief Information Officer, previously served **in various** ~~as Executive Vice President and Chief Information~~ **information** ~~Officer~~ **technology leadership capacities** for **Lowe' s Companies** ~~WestJet Airlines, Chief Technology Officer for Southwest Airlines~~ and **United** ~~Chief Information Officer for Spirit~~ Airlines; ~~• Daniel M. Shurz, our Senior Vice President, Commercial, previously served in various roles with United Airlines and Air Canada; and~~ • Trevor J. Stedke, our Senior Vice President, Operations, previously served as Vice President, Aircraft Technical Operations for Southwest Airlines **; • Steve Schuller, our Senior Vice President, Human Resources, previously served as our Vice President, Human Resources, and prior to that, served as Vice President of Talent and Chief Learning Officer for Catapult Health; and • Alex Clerc, our Senior Vice President, Customers, previously worked as a Senior Expert with McKinsey & Company in their Transport and Travel Practice, served as Chief Operating Officer for Interjet Airlines, and has worked in leadership positions for multiple other airlines** . Strong Liquidity and Capital Structure. We intend to maintain our strong capital structure, which enables us to obtain financing for our aircraft pursuant to attractive operating leases, in order to support our growth strategies and the expansion of our fleet and network. As of December 31, ~~2022~~ **2023** , we had $ ~~761~~ **609** million of cash and cash equivalents, and our capital structure was comprised of the following (please refer to " Notes to Consolidated Financial Statements — ~~9~~ **8** . Debt "): • $ ~~277~~ **312** million of the available $ ~~290~~ **365** million under our pre- delivery deposit (" PDP ") payment credit facility with Citibank (" PDP Financing Facility "); • $ ~~71~~ **80** million from our pre- purchased miles facility; • $ 66 million in unsecured loans as part of our participation in the payroll support programs under the Coronavirus Aid, Relief ~~,~~ and Economic Security Act (**the** " CARES Act "); and • $ ~~17~~ **16** million under our floating rate building note. Our Fares and the Choices We Offer We provide low- fare passenger airline service primarily to leisure travelers. Our low fares are designed to stimulate demand from price- sensitive travelers and consist of a base fare, plus taxes and governmental fees. ~~For the years ended December 31, 2022 and 2021 our total revenue per passenger was $ 130. 50 and $ 99. 49, respectively.~~ We combine our low fares with flexible optional services for an additional cost. Such additional options include carry- on and checked baggage, advance seat selection, our extended- legroom ~~Stretch~~ **premium** seats, **priority boarding and** ticket changes and cancellations ~~and refundability. Our~~ **, as well as** bundled options ~~include The Works, a hassle~~ **combining various optional services. We also promote and sell products in** - ~~free option~~ **flight to enhance the customer experience. We offer a convenient onboard payment system** that ~~includes a guaranteed seat assignment, carry- on and checked baggage, ticket refundability and changes and priority boarding, all at an attractive low price and available only on our website, and The Perks, which~~ enables customers to ~~book the~~ **bundle products together to** ~~same~~ **save money** ~~amenities included in The Works~~ , ~~excluding refundability~~ **make multiple purchases with a single credit card transaction** and ~~ticket changes~~ **provide gratuities to our flight attendants** . ~~During the fourth quarter of 2022~~ **We reward our repeat customers through our FRONTIER Miles frequent flyer program and also offer our Discount Den membership program** , ~~we launched~~ **which provides subscribers with exclusive access to some of our lowest fares as well as access to our Kids Fly Free program. We also offer** the ~~new~~ GoWild! All- You- Can- Fly Pass **, which allows members unlimited travel for a specified period of time for a base fare of $ 0** . **01 per** ~~We also promote and sell products in-~~ flight ~~to enhance the customer experience. We offer a convenient onboard payment system that enables customers to bundle products together to save money~~ , **subject** ~~make multiple purchases with a single credit card transaction and provide gratuities~~ to **certain restrictions** ~~our flight attendants. We reward our repeat customers through our Frontier Miles frequent flyer program and also offer our Discount Den membership program, which provides subscribers with exclusive access to some of our lowest fares~~ . In addition to enhancing the customer experience, these offerings have helped ~~us to~~ increase our ancillary revenues from $ 12. 80 per passenger in 2013 to $ ~~60. 55 in 2021 and $~~ 76. ~~28~~ **51** in ~~2022~~ **2023** . Our other revenues also include services such as our ~~Frontier~~ **FRONTIER** Miles affinity credit card program and commissions revenue from the sale of items such as rental cars and hotels. The following table represents our revenue, on a per- passenger basis for the periods presented: Year Ended December 31, ~~20222021Fare~~ **20232022Fare** revenue per passenger $ **42. 26 $** 54. 22 ~~$ 38. 94~~ Ancillary revenue per passenger: Non- fare passenger revenue per passenger 73. ~~2157~~ **8573** . ~~65Other~~ **21Other** revenue per passenger ~~3~~ **2** . ~~072~~ **663** . ~~90Total~~ - **07Total** ancillary revenue per passenger76. **51 76.** 28 ~~60. 55~~ Total revenue per passenger $ **118. 77 $** 130. 50 ~~$ 99. 49~~ Route Network The low unit cost, high quality of service and dependability that make Low Fares Done Right successful have enabled us to diversify our network across a wide range of leisure destinations as well as implement a network strategy that primarily targets high demand or underserved markets, where our low fares stimulate new traffic flows. During the year ended December 31, ~~2022~~ **2023** , we served approximately ~~100~~ **90** airports throughout the United States and international destinations in the Americas. While our primary focus is to capture point- to- point demand on the nonstop routes that we serve, we also sell connecting itineraries, providing us with the opportunity to capture demand across a large number of routes beyond our nonstop footprint. Below is a map of the destinations we serve as of our scheduled flights available for sale as of December 31, ~~2022~~ **2023** : We use publicly available data related to existing traffic, fares and capacity in domestic markets, as well as other data sources, to identify growth opportunities. To monitor the profitability of each route, we analyze monthly profitability reports as well as actual and forecasted advanced bookings. We routinely make capacity adjustments within our network based on the financial performance of our markets, and we discontinue service in markets where we determine that long- term profitability is not likely to meet our expectations. ~~During the year ended December 31, 2022, we discontinued service to Newark Liberty International Airport (EWR) and Dulles International Airport (IAD), among others. In 2023, we plan to discontinue service to Rhode Island T. F. Green International Airport (PVD), Albuquerque International Sunport (ABQ) and Reno Tahoe International Airport (RNO).~~ Competition The airline industry is highly competitive. The principal competitive factors in the airline industry are fare pricing, total price, flight schedules, aircraft type, passenger amenities, number of routes served from a city, customer service, safety record and reputation, codesharing relationships **(where an airline places its designator code on a flight operated by another airline)** , and frequent flyer programs and redemption opportunities. Our competitors and potential competitors include legacy network carriers, LCCs, ULCCs **, regional airlines** and new entrant ~~airlines. We typically compete in markets served by traditional network airlines, LCCs, the other U. S. ULCCs and regional~~ airlines. Our principal competitors on domestic routes are American Airlines, Delta Air Lines, United Airlines and Southwest Airlines (which classifies itself as an LCC), which are commonly referred to as the " Big Four " carriers, and Alaska Airlines and Hawaiian Airlines, which together with JetBlue Airways Corporation (" JetBlue ") (which classifies itself as an LCC), are commonly referred to as the " Middle Three " carriers. We also compete with the other U. S. ULCCs, **including** Allegiant Travel Company ~~and~~ **,** Spirit **Airlines, and Sun Country** Airlines. There are also parties who have started new airlines **since 2021** , including Avelo Airlines and Breeze Airways. With respect to the Big Four and Middle Three carriers, our principal competitive advantage is our low- cost structure, low base fares and our focus on the leisure traveler. We believe our low- cost structure allows us to price our fares at levels where we can be profitable while the Big Four and Middle Three airlines cannot. We believe the association of our brand with a high level of operational performance differentiates us from the other U. S. ULCCs and enables us to generate greater customer loyalty. The airline industry is particularly susceptible to price discounting as once a flight is scheduled, airlines incur only nominal incremental costs to provide service to passengers occupying otherwise unsold seats. Price competition occurs on a route- by- route basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flyer initiatives. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to maximize revenue per available seat mile (" RASM "). The prevalence of discount fares can be particularly acute when a competitor has excess capacity that it is under financial pressure to sell. A key element of our competitive strategy is to maintain very low unit costs in order to permit us to compete successfully in price- sensitive markets. Distribution We primarily sell our product through direct distribution channels, including via our website at www. flyfrontier. com, our mobile app and our contact centers, with our website and mobile app serving as the primary platforms for ticket sales. Approximately **72 % and** 70 ~~% and 71~~ % of our total tickets sold for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively, were sold directly to our customers through these distribution channels. Sales through our website and mobile app represent our low- cost distribution channels. We also offer the option to purchase tickets through third parties, such as travel agents who access us through Global Distribution Systems (" GDSs "), e. g., Amadeus, Galileo, Sabre and Worldspan, and select online travel agents (" OTAs "), e. g., Priceline and websites owned by Expedia, including Orbitz and Travelocity. Third- party channels represented approximately **28 % and** 30 ~~% and 29~~ % of sales for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. We maintain a zero percent standard commission policy for travel agency bookings worldwide unless local regulations mandate that we pay a commission. We also have agreements with all the leading GDSs. GDSs provide flight schedules and pricing information and allow travel agents to electronically book a flight reservation without separately contacting our reservations facility. Marketing and Brand Our principal marketing message to our customers is our Low Fares Done Right strategy. Consistent with our ULCC business model, we use a simple marketing message to keep marketing costs low and we ~~regularly~~ offer promotional one- way base fares of $ 19. Our principal marketing tools are our proprietary email distribution list, our ~~Frontier~~ **FRONTIER** Miles frequent flyer program ~~and~~ **,** our Discount Den subscription service **and our GoWild! All- You- Can- Fly Pass membership offering** , as well as advertisements in online, radio and other channels. Our objective is to use our low prices, superior customer service, price- based promotions and creativity to produce viral marketing programs that are cost effective. Each of our aircraft features one of our widely- recognized animals on its tail and is named after such animal. We utilize these animals in several of our online marketing campaigns and on the novelty cards we distribute to children onboard ~~. In 2019~~ , **particularly** ~~we introduced an initiative to highlight~~ **highlighting** endangered species ~~on our signature animal tails~~ . Our brand includes our focus on sustainability and environmental responsibility **efforts** . **We** ~~According to our internal estimates, we~~ believe we are " America' s Greenest Airline " as measured by fuel efficiency (ASMs per fuel gallon consumed **during the year ended December 31, 2023; compared to all other major U. S. carriers**). Based on these estimates, our fleet continues to be the most fuel- efficient of all major U. S. carriers, generating over 100 ASMs per gallon during the year ended December 31, ~~2022~~ **2023** , representing our focus on continued fuel efficiency as we grow. In addition, our headquarters is located in a LEED- certified building, which certification indicates buildings designed to achieve energy savings, water efficiency and lower **carbon dioxide ("** CO_2 **")** emissions. We spent approximately 5 % of total revenues on marketing, brand and distribution for each of the years ended December 31, **2023 and** 2022 ~~and 2021~~ . Loyalty and Membership Programs Our ~~Frontier~~ **FRONTIER** Miles frequent flyer program includes a number of attractive customer benefits, including family pooling benefits and ~~elite~~ **varying** status ~~levels (Elite50K~~ **tiers, allowing for priority boarding** and **waived bag and seat selection fees, among** ~~Elite100K). The Frontier Miles World Elite MasterCard is the~~ **other things** ~~primary vehicle whereby customers earn mileage credits and our frequent flyer program is geared specifically towards supporting adoption and continued use of the credit card~~ . **FRONTIER** ~~The credit card includes the ability to earn bonus mileage credits on Frontier and restaurant purchases. In addition, every card member who spends over a certain threshold on the card in any calendar year receives a Frontier voucher. Frontier~~ Miles offers award travel on every flight without blackout dates ~~. All award tickets are subject to redemption fees~~ , ~~which are waived for all Frontier Elite Members~~ and **miles** ~~certain other bookings in advance of travel dates. There are three types of travel awards: Value Award Tickets require the lowest mileage credits, Standard Award Tickets are more widely available at double the mileage credit requirement and the highest mileage credit requirement Last Seat Availability Award Tickets are exclusively available to Frontier Elite Members. The program also calculates a year- end status level, and mileage credits~~ never expire as long as **there is qualifying activity** ~~a customer earns mileage credits~~ at least **annually. In October 2023, we unveiled a reimagined FRONTIER Miles loyalty program for 2024 that enables our customers to " Get It All For Less ". The revamped program includes a new lower- tier status level and paths to quickly advance to higher tiers, with enhanced benefits at** every ~~six months~~ **status level. The new program also now allows consumers to earn miles for each dollar spent on Frontier flights and additional purchases through Frontier, with increasing earn rates as customers advance to higher tiers. All tiers also now include waived change and cancellation fees for changes made seven or more days in advance of flight departure and priority customer chat, among other benefits. The FRONTIER Airlines World MasterCard is the primary vehicle through which customers earn miles and our frequent flyer program is geared specifically towards supporting adoption and continued use of this credit card. The credit card includes the ability to earn bonus travel miles for purchases through Frontier and at restaurants, as well as elite status points on every dollar spent. In addition, every card member who spends over a certain threshold on the card in any calendar year receives a Frontier voucher** . The Discount Den is an annual ~~subscription~~ **membership** - based service that allows members exclusive access to the lowest fares on offer and first access to seats when our selling schedule is extended. Members pay an annual fee to join the Discount Den. The GoWild! All- You- Can- Fly Pass is a membership launched in the fourth quarter of 2022 that allows members unlimited travel for a specified period of time for a **base** fare ~~price~~ of $ 0. 01 **per flight** ~~, beginning in May 2023~~ . This service is subject to certain restrictions including availability, the timing of booking and blackout dates and does not include taxes or ancillary charges. We believe our product appeals to price- sensitive customers because we give them the choice to pay only for the products and services they want. In addition, we believe our product is particularly attractive to families, featuring popular animals on our aircraft tails, novelty cards for children and certain offers tailored for families including our Kids Fly Free program and a staff that understands our goal of providing excellent customer service. Overall, our business model is designed to deliver what we believe our customers want: low fares and a high- quality flight experience. While we are ~~not~~ **primarily** focused on stimulating ~~business~~ **leisure and visiting friends and relatives (" VFR ")** travel, we believe our low fares do attract a significant number of ~~small~~ business travelers who may be more sensitive to travel costs. Fleet We fly only Airbus A320 family aircraft, which provides us significant operational and cost advantages compared to airlines that operate multiple fleet types. Flight crews are entirely interchangeable across all of our aircraft, and maintenance, spare parts inventories and other operational support are highly simplified relative to more complex fleets. Due to this commonality among Airbus single- aisle aircraft, we can retain the benefits of a fleet composed of a single type of aircraft while still having the flexibility to match the capacity and range of the aircraft to the demands of each route. **As** ~~We retired the last~~ of ~~the A319 aircraft from our fleet during the year ended~~ December 31, ~~2021~~ **2023** and ~~began taking in the first~~ **2022, 79 % and 72 %** of ~~the~~ **our total fleet, respectively, was comprised of** ~~A321neo~~ **A320neo family** aircraft ~~in our order book during the year ended December 31~~ , **which are** ~~2022, increasing the proportion of the larger and~~ more fuel- efficient **than the prior generation of** ~~A320neo~~ **A320ceo** family aircraft ~~to 72 % of our total fleet as of December 31, 2022~~ . The A320neo family aircraft that we continue to place in service are expected to continue delivering a 20 % fuel burn and CO_2 emissions advantage compared to the prior generation of A320ceo family aircraft. In addition, while our entire fleet features new and lightweight seats, which eliminate excess weight and ~~reduce~~ **reduces** fuel consumption per seat, the seat density on the A320neo family aircraft is higher than the prior generation of A320ceo family aircraft. With the **continued** transition to the higher **seat** density aircraft **as we introduce more A320neo family aircraft into our fleet** , we increased our average seats per departure ~~to~~ **from** 193 ~~for~~ **during** the year ended December 31, 2022 **, to 199 during the year ended December 31, 2023** . The use of the A320neo family aircraft and our seating configuration, weight- saving tactics and baggage process have all contributed to our ability to continue to be the most fuel- efficient of all major U. S. carriers of significant size when measured by ASMs per fuel gallon consumed. As of December 31, ~~2022~~ **2023** , we had a fleet of ~~120~~ **136** Airbus single- aisle aircraft, consisting of ~~13~~ **8** A320ceos, 82 A320neos, 21 A321ceos and ~~4~~ **25** A321neos. **In January** ~~We won third place for the World' s Youngest Aircraft Fleet Award for 2023~~ **2024 , we were recognized** by ch- aviation **as having the third youngest fleet in North America** , and as of December 31, ~~2022~~ **2023** , the average aircraft age of our fleet was approximately four years. As of December 31, ~~2022~~ **2023** , all ~~120~~ **136** aircraft in our fleet were financed under operating leases, and the operating leases for **0** ~~7, 4~~ , 8, 20 **, 19** and ~~17~~ **14** aircraft in our fleet were scheduled to terminate during ~~2023,~~ 2024, 2025, 2026 ~~and~~ **,** 2027 **and 2028** , respectively. In certain circumstances, such operating leases may be extended. We intend to replace retired aircraft with A320neo family aircraft. As of December 31, ~~2022~~ **2023** , we had a firm purchase commitment with Airbus to acquire ~~221~~ **210** A320neo family aircraft. Additionally, we had commitments with Pratt & Whitney for ~~19~~ **15** additional spare aircraft engines by the end of 2029. After the consideration of planned aircraft returns ~~in addition to planned direct leasing arrangements~~ , we expect to operate a fleet of 272 ~~A320~~ **A320neo** family aircraft by the end of 2029, **nearly** all powered by new engine technology. ~~The table below does not include commitments that are contingent on events or other factors that are uncertain or unknown at this time.~~ Our firm fleet and **spare** engine commitments as of December 31, ~~2022~~ **2023** were comprised of the following aircraft: A320neoA321neoTotalAircraft (a) EnginesYear ~~Ending2023~~ **Ending2024** — **23 23** ~~13 13 4 2024 — 33 33~~ 2 202517 ~~13 30~~ **25 42** 4 202619 22 41 4 202721 21 42 3 ~~Thereafter10 52 62~~ **202810 30 40** 2 **Thereafter — 22 22 —** Total67 **143 210** ~~154~~ - **15** ~~221 19~~ __________________ (a) While the commitments presented above reflect the agreed- upon delivery dates as of December 31, ~~2022~~ **2023** , we have recently experienced delays in the deliveries of Airbus aircraft which may persist in future periods. **We have** ~~During October 2019, we entered into an amendment to the previously existing master purchase agreement that allows us~~ the option to convert 18 A320neo aircraft to A321XLR aircraft **under certain terms** ~~. This conversion right is available until June 2023, per the latest amendment,~~ and **conditions. Since** ~~is not reflected in~~ the ~~table above as this~~ option has not been exercised ~~. In November 2021~~ , **this conversion right is not** ~~we entered into an amendment with Airbus to add an additional 91 A321neo aircraft to the committed purchase agreement, which are expected to be delivered starting in 2024 and continuing through 2029 per the latest delivery schedule. In April 2022, the agreement with Pratt & Whitney, the provider of engines for our incremental order book, was amended to include additional spare engine commitments and adjust the timing of remaining deliveries, which has been~~ reflected in the table above ~~. As of December 31, 2022, we had signed lease agreements with two of our leasing partners to add ten additional A321neo aircraft through direct leases, with deliveries beginning in the first quarter of 2023 and continuing into the third quarter of 2023 based on the latest delivery schedule. None of these ten aircraft are reflected in the table above given they are not committed purchase agreements~~ . Aircraft Fuel Aircraft fuel is one of our largest expenses, representing **31 % and** 34 ~~% and 26~~ % of our total operating costs for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. For the years ended December 31, **2023 and** 2022 ~~and 2021~~ , we had the most fuel- efficient fleet of all U. S. carriers of significant size when measured by ASMs per fuel gallon consumed. The price and availability of jet fuel are volatile due to global economic and geopolitical factors as well as domestic and local supply factors, which **has** contributed to ~~the increase in~~ fuel prices **being higher than historical averages** during the ~~year~~ **years** ended December 31, **2023 and** 2022. Our fuel consumption and costs were as follows: Year Ended December 31, ~~20222021Gallons~~ **20232022Gallons** consumed (millions) ~~312266Average~~ **365 312 Average** price per gallon (a) $ 3. **10 $ 3.** 72 ~~$ 2. 17~~ __________________ (a) Average price per gallon includes related fuel fees and taxes. We have historically maintained an active hedging program designed to reduce our exposure to sudden, sharp increases in fuel prices. We regularly review our fuel hedging program and, accordingly, the specific hedging instruments we use, the amount of our future hedges and the time period covered by our hedge portfolio vary from time to time depending on our view of market conditions and other factors. Among the hedging instruments we have used in the past and may use in the future are swaps and collar contracts on jet fuel, fixed forward prices ~~(" FFPs ")~~ , which allow us to lock in the price of jet fuel for specified quantities and at specified locations in future periods, and call options. As of December 31, **2023 and** 2022 ~~and 2021~~ , we had no fuel cash flow hedges for future fuel consumption, and fuel hedges had no **material** impact within our consolidated statements of operations for the years ended December 31, **2023 and** 2022 ~~and 2021~~ .

Maintenance and Repairs We have **an** ~~a U. S. Federal Aviation Administration (“~~ FAA ~~”)~~ mandated and approved maintenance program, which is administered by our technical operations department. Our maintenance technicians undergo extensive initial and recurrent training. Aircraft maintenance and repair consists of routine and non- routine maintenance, and work performed is divided into three general categories: line maintenance, heavy maintenance and component service. Line maintenance consists of routine daily and weekly scheduled maintenance checks on our aircraft. We categorize our line maintenance into four classes of stations, with each class categorized by the scope and complexity of work performed. The majority of and the most extensive line maintenance we and our specialist partners perform is conducted in ~~Orlando~~ **Mobile, Tampa, Puerto Rico, Atlanta, Cleveland, Denver** , Las Vegas, ~~Denver~~ **Orlando** , Philadelphia, ~~Miami, Atlanta, Cleveland~~ and ~~Trenton~~ **Phoenix** . Major airframe maintenance checks consist of a series of more complex tasks that can take from one to four weeks to accomplish and typically are required approximately every 24 months. Engine overhauls and engine performance restoration events are quite extensive and can take several months. We maintain an inventory of spare engines to provide for continued operations during engine maintenance events **under normal operating conditions. In 2024, we expect to experience higher than normal engine maintenance obligations to address the requirements related to the portion of our fleet using the Pratt & Whitney GTF engine** . In addition, prior to aircraft being returned to lessors, we will incur costs to restore these aircraft to the condition required by the terms of the underlying operating leases. Due to our relatively small fleet size and projected fleet growth, we believe contracting with third- party specialists for all of our heavy maintenance, engine restoration and major part repair, is more economical than conducting these activities ourselves. We have entered into ~~a~~ long- term flight hour ~~agreement~~ **agreements** for our engine overhaul services and an hour- by- hour basis agreement for component services. We also contract with third- party specialists for our heavy airframe maintenance. These contracts cover the majority of our aircraft component inventory acquisition, replacement and repairs, thereby eliminating the need to carry expensive spare parts inventory. We currently have a firm obligation to purchase ~~221~~ **210** A320neo family aircraft by the end of 2029 ~~and to acquire another ten A321neo aircraft through direct leases, all to be delivered in 2023~~ . We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a “ maintenance holiday ”) because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are required. Once these maintenance holidays expire, these aircraft will require more maintenance as they age and our maintenance and repair expenses for each of our aircraft will be incurred at approximately the same intervals. See **“** ~~Part I, Item IA.~~ Risk Factors — ~~“~~ **Risk Related to Our Business —** Our maintenance costs will increase over the near term **;** ~~, and~~ we will periodically incur substantial maintenance costs due to the maintenance schedules of our aircraft fleet **and obligations to the lessors and we could incur significant maintenance expenses outside of such maintenance schedules in the future** . ” Human Capital Resources Employees and Labor Relations As of December 31, ~~2022~~ **2023** , we had ~~6~~ **7** , ~~470~~ **235** total employees, consisting of ~~1~~ **2** , ~~997~~ **112** pilots, 3, ~~350~~ **513** flight attendants, ~~175~~ **433** aircraft technicians, ~~45~~ **57** aircraft appearance agents, ~~34~~ **54** flight dispatchers, ~~24~~ **28** material specialists, ~~19~~ **28** maintenance controllers and ~~826~~ **1, 010** employees in administrative roles ~~. In February 2022, we launched the Ascend Management Trainee Program, designed to develop our future leaders and strengthen our diversity as a company. The Ascend Management Trainee Program is a 12- month rotational development program for all Frontier employees and employees of our business partners who are interested in growing their career through opportunities at our headquarters office~~ . FAA regulations require pilots to have commercial licenses with specific ratings for the aircraft to be flown, and to be medically certified as physically fit to fly. FAA and medical certifications are subject to periodic renewal requirements including recurrent training and recent flying experience. Mechanics, quality- control inspectors and flight dispatchers must be certificated and qualified for specific aircraft. Flight attendants must have initial and periodic competency training and qualification. Training programs are subject to approval and monitoring by the FAA. Management personnel directly involved in the supervision of flight operations, training, maintenance, and aircraft inspection must also meet experience standards prescribed by FAA regulations. All safety- sensitive employees are subject to pre- employment, random and post- accident drug testing. We focus on hiring highly productive employees and, where feasible, designing systems and processes around automation and the utilization of third- party specialists in order to maintain our low- cost base. With respect to pilots, given the pilot shortage being experienced by parts of the industry, particularly regional airlines, one of our operational priorities is to maintain a robust pipeline of qualified pilot candidates. We intend to maintain our pipeline through the continuation of the recruiting and selection of direct- entry First Officers from other carriers, but also by expanding our focus on pilot- recruiting channels that we more directly manage. **Our** ~~In July 2022, we launched the~~ F9 Pilot Cadet Program **is intended** to train the next generation of pilots in as little as 24 months with the direct pathway to become a First Officer. The program, operated in partnership with Airline Transport Pilot (“ ATP ”) Flight School, allows applicants to complete flight training at over 70 ATP Flight School locations nationwide. **Our** ~~In October 2022, we launched our~~ Rotor Transition Program **, run** in partnership with the Rotary to Air Group, ~~which~~ allows U. S. military- trained helicopter pilots to complete their fixed wing training and join Frontier as a First Officer. **We recently** ~~In 2022, we also~~ expanded our focus on international pilots who are eligible to work in the U. S. under an E- 3 visa ~~. We~~ **, and** also expanded our partnerships with university- based flight training programs to provide opportunities for recent graduates who have their ATP or Restricted ATP to begin their career as a pilot. We have seen strong demand for these programs, with ~~nearly 5~~ **over 8** , ~~000~~ **400** applicants across all of our ~~hiring channels as of~~ **company- managed programs during the year ended** December 31, ~~2022~~ **2023** . We believe we are an attractive employer for pilots as a result of our strong growth, which provides our pilots with career progression opportunities and enables them to achieve substantial pay increases under the collective bargaining agreement. For example, as a result of our continuing fleet expansion, First Officers hired since late- 2013 have been eligible for upgrade to Captain within 24 to 48 months of joining us. As of December 31, ~~2022~~ **2023** , approximately ~~87~~ **86** % of our employees were represented by labor unions under collective ~~-~~ bargaining agreements. The table below sets forth our employee groups and status of the collective bargaining agreements with each as of December 31, ~~2022~~ **2023** : Percentage of WorkforceEmployee GroupRepresentativeAmendable **Date (a)** ~~DateDecember~~ ---- **December** 31, ~~2022PilotsAir~~ **2023PilotsAir** Line Pilots Association (ALPA) January ~~202431~~ -- **2024 (b) 29** % Flight AttendantsAssociation of Flight Attendants (AFA- CWA) May ~~202452~~ -- **2024 (c) 49** % Aircraft TechniciansInternational Brotherhood of Teamsters (IBT) May ~~2025~~ **20256** ~~(a) 3~~ % Aircraft Appearance AgentsIBTOctober ~~20231~~ - **2023 (d) 1** % DispatchersTransport Workers Union (TWU) ~~December~~ **August** ~~2021~~ **2028** (~~b~~ **e**) ~~<~~ 1 % Material SpecialistsIBTMarch 2022 (~~b~~ **d**) < 1 % Maintenance ControllersIBTOctober 2023 **(d)** < 1 % ____________________ (a) ~~We conducted off- cycle negotiations~~ **Subject to standard early opener provisions. (b) ALPA filed for meditation through the National Mediation Board** in ~~May~~ **January** ~~2022~~ **2024 and** ~~with our aircraft technicians, represented by IBT, where~~ the ~~amendable date was extended from~~ **first mediation session is scheduled for** March 2024 ~~to May 2025~~ . (~~b~~ **c) In November 2023, AFA- CWA exercised their contractual right to open negotiations early. Negotiations are currently ongoing. (d**) Our collective bargaining agreements with our ~~dispatchers and~~ **aircraft appearance agents,** material specialists, **and maintenance controllers, each** represented by ~~TWU and~~ IBT ~~, respectively~~ , were still amendable as of December 31, ~~2022~~ **2023** and negotiations are ongoing; however, ~~each~~ **the** ~~agreement~~ **agreements** ~~is~~ **are** operating under ~~its~~ **their** current ~~arrangement~~ **arrangements** until ~~an amendment~~ **amendments** ~~is~~ **have been** reached **. (e) On August 4, 2023, we finalized a collective bargaining agreement with our dispatchers, represented by TWU, which will be amendable in August 2028** .

The United States Railway Labor Act (the " RLA ") governs our relations with labor organizations. Under the RLA, the collective bargaining agreements generally do not expire, but instead become amendable as of a stated date. If either party wishes to modify the terms of any such agreement, they must notify the other party in the manner agreed to by the parties. Under the RLA, after receipt of such notice, the parties must meet for direct negotiations, and if no agreement is reached, either party may request the National Mediation Board (the " NMB ") to appoint a federal mediator. The RLA prescribes no set timetable for the direct negotiation and mediation process. It is not unusual for those processes to last for many months, and even for a few years. If no agreement is reached in mediation, the NMB in its discretion may declare at some time that an impasse exists, and if an impasse is declared, the NMB proffers binding arbitration to the parties. Either party may decline to submit to arbitration. If arbitration is rejected by either party, a 30- day " cooling off " period commences. During that period (or after), a Presidential Emergency Board (" PEB "), may be established, which examines the parties' positions and recommends a solution. The PEB process lasts for 30 days and is followed by another " cooling off " period of 30 days. At the end of a " cooling off " period, unless an agreement is reached or action is taken by the U. S. Congress, the labor organization may strike and the airline may resort to " self- help, " including the imposition of any or all of its proposed amendments and the hiring of new employees to replace any striking workers. The U. S. Congress and the President have the authority to prevent " self- help " by enacting legislation that, among other things, imposes a settlement on the parties. Diversity, Equity and Inclusion We seek to provide equal employment opportunities for all persons and **seek to** ~~prohibiting~~ --- **prohibit** discrimination in all aspects of our ~~operation~~ **operations** . We believe that fostering an inclusive and diverse culture ~~will~~ **can** add value and lead to a more highly engaged workforce, allowing us to deliver better business results. We have established Business Resource Groups — employee- led, voluntary organizations ~~of~~ **that are open to all and intended for** people with similar interests, experiences, or demographic characteristics — including the Women' s Leadership Network, the Veterans' Resource Group, the Green ~~Leadership Group~~ **Steering Committee** , the ~~LGBTQIA~~ **Frontier PRIDE** Business Resource Group **, the Team Connect culture committee** and the Society of Black ~~Professional~~ **Professionals** Business Resource Group. We also partner with organizations such as the Latino Pilots Association, National Gay Pilot' s Association, Asian Pilots Association, Organization of Black Aviation Professionals, Women in Aviation **International** and Rotary to Airline Group to help foster opportunities and **support** careers in aviation. We **aim to** honor and celebrate our differences throughout the year by recognizing meaningful achievements and shared stories through our company newsletters during Black History **Month, Hispanic Heritage** Month, Women' s History Month and Pride Month. We are focused on creating an equitable workforce, seeking to consider diverse slates of candidates for all positions. The table below illustrates our employee diversity based on self- identification across all U. S. employees as of December 31, ~~2022~~ **2023** : ~~MaleFemaleMinority53~~ **MaleFemaleMinority55** % ~~47~~ **45** % ~~37~~ **40** % Compensation and Benefits We design our compensation and benefits with the goal of supporting the financial, mental, and physical well- being of our employees and their families. We evaluate our benefit programs each year in terms of value of benefit offerings and out- of- pocket costs ~~so that they are~~ **in an effort to be** competitive with the benefit offerings of other ~~companies~~ **employers** with whom we compete for talent. We continuously evaluate our benefit offerings through these market studies as well as ~~annual~~ employee surveys. **We offer** ~~In 2021, we implemented~~ the Rally wellness program to incentivize employees to invest in their health, earn points and participate in various health and wellness competitions. In ~~late~~ **January** ~~2022~~ **2023** , we ~~announced~~ **launched** a new online weight management program (United Healthcare' s Real Appeal) **,** which ~~launched in January 2023, and~~ aims to help members achieve real, lifelong results and live a healthier life. Our compensation philosophy is continuously adjusted to better meet the standards set in the marketplace. In response to COVID- 19, we follow all federal, state and local protocols to help protect the health of our workforce and our customers. In March 2020, we implemented a pay protection policy, which remains in place as of December 31, ~~2022~~ **2023** , to ~~ensure~~ **enable** employees **to** take necessary time away from work to recover from COVID- 19. Safety and Security We prioritize the safety and security of our passengers and employees. Some of the safety and security measures we have taken include: aircraft security and surveillance, positive bag matching procedures, enhanced passenger and baggage screening and search procedures, and securing of cockpit doors. We strive to comply with or exceed health and safety regulation standards. In pursuing these goals, we maintain an active aviation safety program and all of our personnel are expected to participate in the program and take an active role in the identification, reduction and elimination of hazards. Our ongoing focus on safety relies on training our employees on relevant standards and providing them with the tools and equipment they require so they can perform their job functions in a safe and efficient manner. Safety in the workplace targets several areas of our operation including: flight operations, maintenance, in- flight, dispatch, and station operations. The U. S. Transportation Security Administration (the " TSA ") is charged with aviation security for both airlines and airports. We maintain active, open lines of communication with the TSA at all of our locations so that we incorporate relevant standards for security of our personnel, customers, equipment and facilities throughout the operation. Insurance We maintain insurance policies we believe are of the types customary in the airline industry and as required by the U. S. Department of Transportation (" DOT "), lessors and other financing parties. Although we currently believe our insurance coverage is adequate, we cannot assure that the amount of such coverage will not be changed or that we will not be forced to bear substantial losses from accidents. Foreign Ownership Under federal law and DOT policy, we must be owned and controlled by U. S. citizens. The restrictions imposed by federal law and DOT policy currently require that at least 75 % of our voting stock must be owned and controlled, directly and indirectly, by persons or entities who are U. S. citizens, as defined in 49 U. S. C. § 40102 (a) (15), that our president and at least two- thirds of the members of our board of directors and other managing officers be U. S. citizens, and that we be under the actual control of U. S. citizens. In addition, **up to** ~~at least 51 % of our total outstanding stock must be owned and controlled by U. S. citizens and no more than~~ 49 % of our stock may be owned or controlled, directly or indirectly, by persons or entities who are not U. S. citizens ~~and~~ **but only if those non- U. S. citizens** are from countries that have entered into " open skies " air transport agreements with the **United States** ~~U. S.~~ which allow unrestricted access between the United States and the applicable foreign country and to points beyond the foreign country on flights serving the foreign country. We believe we are currently in compliance with these ownership provisions. Please see " Risk Factors — Risks Related to Owning Our Common Stock — Our amended and restated certificate of incorporation and amended and restated bylaws include provisions limiting ownership, control and voting by non- U. S. citizens. " Seasonality and Other Factors The air transportation business and our route network are subject to seasonal fluctuations. Demand for air travel tends to be higher in the second and third quarters as there is an increase in vacation travel, compared to the first and fourth quarters of the year. Government Regulation Aviation Regulation The DOT and FAA have regulatory authority over air transportation in the United States. The DOT has authority to issue certificates of public convenience and necessity, exemptions and other economic authority required for airlines to provide domestic and foreign air transportation. International routes and international codesharing arrangements are regulated by the DOT and by the governments of the foreign countries involved. A U. S. airline' s ability to operate flights to and from international destinations is subject to the air transport agreements between the United States and the foreign country and the carrier' s ability to obtain the necessary authority from the DOT and the applicable foreign government. The U. S. government has negotiated " open skies " agreements with many countries, which allow unrestricted access between the United States and the applicable foreign country and to points beyond the foreign country on flights serving the foreign country. With certain other countries, however, the United States has a restricted air transportation agreement. Our international flights to Mexico are governed by a liberalized bilateral air transport agreement which the DOT has determined has all of the attributes of an " open skies " agreement. Our flights to the Dominican Republic ~~and Jamaica~~ are governed by **a** bilateral air transport ~~agreements~~ - **agreement** between the United States and ~~such countries~~ **the Dominican Republic** . Changes in U. S. aviation policies could result in the alteration or termination of the corresponding air transport agreement, diminish the value of our international route authorities or otherwise affect our operations to / from these countries. The FAA is responsible for regulating and overseeing matters relating to the safety of air carrier flight operations, including the control of navigable air space, the qualification of flight personnel, flight training practices, compliance with FAA airline operating certificate requirements, aircraft certification and maintenance requirements and other matters affecting air safety. The FAA requires each commercial airline to obtain and hold an FAA air carrier certificate. We currently hold an FAA air carrier certificate. International Regulation All international air service is subject to certain U. S. federal requirements and approvals, as well as the regulatory requirements of the foreign countries involved. If we decide to increase our routes to additional international destinations, we will be required to obtain necessary authority from the DOT, and / or approvals from the FAA, as well as any applicable foreign government entity. In addition, we are required to comply with overfly regulations in countries that lay along our routes but which we do not serve. International service is also subject to U. S. Customs and Border Protection (" CBP "), immigration and agriculture requirements and the requirements of equivalent foreign governmental agencies. The CBP is charged with international trade, collecting import duties, and enforcing U. S. regulations with respect to trade, customs and immigration. Like other airlines flying international routes, from time to time we may be subject to civil fines and penalties imposed by CBP if unmanifested or illegal cargo, such as illegal narcotics, is found on our aircraft. These fines and penalties, which in the case of narcotics are based upon the retail value of the seizure, may be substantial. We seek to cooperate actively with CBP and other U. S. and foreign law enforcement agencies in investigating incidents or attempts to introduce illegal cargo. In addition, foreign regulatory agencies located in jurisdictions we serve can impose requirements on various aspects of our business, including safety, marketing, ticket sales, staffing, and tax. We will continue to comply with all contagious disease requirements issued by the United States and foreign governments ~~, including those related to the COVID- 19 pandemic~~ , but we cannot forecast what additional requirements may be imposed in the future. Airport Access In the United States, the FAA currently regulates the allocation of landing and takeoff authority, slots, slot exemptions, operating authorizations or similar capacity allocation mechanisms which limit takeoffs and landings at three U. S. airports: Ronald Reagan Washington National Airport (DCA), New York' s LaGuardia Airport (LGA) and JFK International Airport (JFK), two of which we serve (DCA and LGA). In addition, John Wayne Airport (SNA) in Orange County, California **has** ~~and Long Beach Airport (LGB) in Long Beach, California have~~ a locally imposed slot system. Our operations at these airports generally require the allocation of slots or analogous regulatory authorizations. We currently have sufficient slots or operating authorizations to operate our existing flights, but there is no assurance that we will be able to do so in the future because, among other reasons, such allocations are subject to changes in governmental regulations and policies. Our ability to retain slots or operating authorizations is subject to " use- or- lose " provisions of the governing regulations, and our ability to expand service at slot- controlled airports similarly is limited. The DOT also regulates slot transactions between airlines. Consumer Protection Regulation The DOT also has jurisdiction over certain economic issues affecting air transportation and consumer protection matters, including unfair or deceptive practices and unfair methods of competition including undisclosed display bias, lengthy tarmac delays, chronically delayed flights, airline advertising and marketing practices, codeshare disclosure, denied boarding compensation, ticket refunds, baggage liability, contracts of carriage, customer service commitments, consumer notices and disclosures, customer complaints and transportation of passengers with disabilities. The DOT also has authority to review certain joint venture agreements, marketing agreements, codesharing agreements ~~(where an airline places its designator code on a flight operated by another airline)~~ and wet- leasing agreements (where one airline provides aircraft and crew to another airline) between carriers and regulates other economic matters such as slot transactions. The DOT has recently engaged in rulemaking with respect to airlines ticketing and fees. In July 2021, the DOT issued a Notice of Proposed Rulemaking (" NPRM ") requiring airlines to refund checked bag fees for delayed bags if they are not delivered to the passenger within a specified number of hours and refunding ancillary fees for services related to air travel that passengers did not receive. In **August 2022, the DOT issued a NPRM requiring airlines and ticket agents to provide non- expiring travel vouchers or credits to consumers holding non-refundable tickets for scheduled flights to, from or within the United States as a result of the carrier cancelling or making a significant change to a scheduled flight, a serious communicable disease or for several other rulings. The DOT combined this NPRM with the July 2021 NPRM and, while a final rule has not been issued as of December 31, 2023, the DOT has stated that it anticipates issuing a final rule in April 2024. In** October 2022, the DOT issued a NPRM which would require airlines to increase disclosure of bag fees, change and cancellation fees and family seating policies during the ticket purchase process in an effort to improve the transparency of airline pricing **. While a final rule has not been issued as of December 31, 2023, the DOT has stated that it anticipates issuing a final rule in April 2024** . The DOT has also issued several NPRMs related to aircraft accessibility measures. In January 2020, the DOT published a NPRM regarding **short- term improvements, including with respect to** the accessibility features of lavatories and onboard wheelchair requirements on certain single- aisle aircraft with an FAA certificated maximum capacity of 125 seats or more, training flight attendants to proficiency on an annual basis to provide assistance in transporting qualified individuals with disabilities to and from the lavatory from their aircraft seat and providing certain information on request to qualified individuals with a disability or persons inquiring on their behalf, on the carrier' s website and in printed or electronic form on the aircraft, concerning the accessibility of aircraft lavatories. Comments were reopened on this NPRM in November 2021. In March 2022, the DOT issued a NPRM **regarding long- term accessibility improvements that would** ~~requiring~~ **require** airlines to ensure that at least one lavatory on new single- aisle aircraft with 125 seats or more is large enough to permit a passenger with a disability (with the help of an assistant, if necessary) to approach, enter and maneuver within the lavatory, as necessary, to use all lavatory facilities and to leave by means of the aircraft' s onboard wheelchair. **In August 2023** ~~If enacted as currently proposed~~ , ~~this~~ **the DOT published the final rule covering both the short- and long- term accessibility measures. The final rule mandated certain short- term accessibility measures that are substantially consistent with the measures outlined in the** NPRM ~~would apply~~ **, which we are required** to **comply with by October 2026. The final rule also adopted the expanded lavatory size requirement for** new **single- aisle** aircraft **with 125 seats or more, which applies to aircraft that are** ordered ~~18~~ **within 10** years **of** or delivered ~~20~~ **12** years after the **rule' s October 2023** effective date ~~of a final rule. As of December 31, 2022, final rules have not been issued but, if any of these NPRMs are enacted as proposed, our business would be subject to additional costs~~ . Security Regulation The TSA and the CBP, each a division of the U. S. Department of Homeland Security, are responsible for certain civil aviation security matters, including passenger and baggage screening at U. S. airports, and international passenger prescreening prior to entry into or departure from the **United States** ~~U. S~~ . International flights are subject to customs, border, immigration and similar requirements of equivalent foreign governmental agencies. We believe we are currently in compliance with all directives issued by such agencies. Environmental Regulation **Environmental Compliance Requirements** We are subject to various federal, state, foreign and local laws and regulations relating to the ~~protection of the~~ environment and **those** affecting matters such as air emissions, including greenhouse gas (" GHG ") emissions, noise ~~emissions~~ **reduction** , discharges to surface and subsurface waters, safe drinking water, and the use, management, release, discharge and disposal of, and exposure to **, hazardous waste** , materials and chemicals. In particular, in June 2015, the U. S. Environmental Protection Agency (the " EPA ") issued revised underground storage tank regulations that ~~could~~ affect airport fuel hydrant systems and reissued the Multi- Sector General Permit for Stormwater Discharges from Industrial Activities. Among other revisions, the reissued permit incorporates the EPA' s previously issued Airport Deicing Effluent Limitation Guidelines and New Source Performance Standards. In addition, California adopted a revised State Industrial General Permit for Stormwater Discharges ~~on April 1, 2014, which became~~ effective July 1, 2015. This permit places additional reporting and monitoring requirements on permittees and requires implementation of mandatory best management practices. Cost estimates to comply with the above permitting requirements have not been defined, but we, along with other airlines, would share a portion of these costs at applicable airports. In addition ~~to the EPA and state regulations~~ , several U. S. airport authorities **have been exploring ways** ~~are actively engaged in efforts~~ to limit **deicing fluid** discharges ~~of de- icing fluid to the environment, often by requiring airlines to participate in the building or reconfiguring of airport de- icing facilities~~ . **Any** ~~Such~~ **such** ~~efforts are likely to impose additional costs~~ **existing, future, new or potential laws and regulations could have** ~~and~~ - **an** ~~restrictions~~ **adverse impact** on ~~airlines using those airports~~ **our business, results of operations and financial condition** . We are also subject to environmental laws and regulations that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under certain laws, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of wastes directly attributable to us. **Governmental authorities in the United States are increasingly focused on potential contamination resulting from the use of certain chemicals, most notably per- and polyfluoroalkyl, substances ("**

PFAS ”). Products containing PFAS have been used in manufacturing, industrial and consumer applications over many decades, including those related to aviation. Among other things, recent changes to federal requirements for firefighting foams containing PFAS, as well as related state regulations affecting their use, will require operational changes. In August 2022, the EPA published for public comment a new rulemaking that would designate two PFAS substances (perfluorooctanoic acid and perfluorooctanesulfonic acid) as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act. This rulemaking, which is expected to be finalized in early 2024, would require entities to immediately report current and past releases that meet or exceed the reportable quantity for such substances to the EPA’ s National Response Center. Depending on the final outcome of this rulemaking and the introduction of any additional state or federal regulations, we may incur costs in connection with reporting obligations and costs related to historic usage of PFAS- containing materials, transitioning away from the usage of PFAS- containing products, disposing of PFAS- containing waste or remediating any residual environmental impacts. Aircraft Emissions and Climate Change Requirements Concern about climate change and greenhouse gases may result in additional regulation and taxation of aircraft emissions in the United States and abroad. In particular, in August 2016, the EPA published a final rule finding that GHG emissions from aircraft cause or contribute to air pollution that may reasonably be anticipated to endanger public health and welfare. Several states are also considering or have adopted initiatives to regulate emissions of GHGs, primarily through the planned development of GHG emissions inventories and / or regional cap- and- trade programs. On March 6, 2017, the International Civil Aviation Organization (~~the~~ “ ICAO ”) adopted new **CO_2** ~~carbon dioxide~~ certification standards for new aircraft beginning in 2020. The new CO_2 standards apply to new aircraft type designs from 2020, and to aircraft type designs already in production as of 2023. In- production aircraft that do not meet the ~~standard~~ **standards** by 2028 will no longer be able to be produced unless their designs are modified to meet the new standards. In January 2021, the EPA adopted GHG emission standards for new aircraft engines, which are aligned with the 2017 ICAO aircraft engine GHG emission standards. Like the ICAO standards, the final EPA standards would not apply retroactively to engines on in- service aircraft ~~. These final standards have been challenged by several states and environmental groups, and the Biden Administration has issued an executive order requiring review of these final standards~~ . On November 15, 2021, the EPA announced that it would not rewrite the existing aircraft engine GHG emissions standards but would seek more ambitious new aircraft GHG emission standards within ICAO process. **Since then, the EPA and ICAO’ s Committee on Aviation Environmental Protection have had several meetings on this issue, but no further progress has been made. Several states and environmental groups have challenged these final standards. On June 30, 2023, the U. S. Court of Appeals for the D. C. Circuit denied such petitions and upheld the EPA’ s standards.** The outcome of ~~the legal challenge and whether there will be~~ any development of new aircraft GHG emissions standards cannot be predicted at this time. ~~On~~ **Additionally, on** November 23, 2022, the EPA published the final rule for particulate matter emission standards and test procedures for civil aircraft engines, which took effect on January 1, 2023. In the event that additional climate change legislation or regulation is enacted in the United States or in the event similar legislation or regulation is enacted in jurisdictions where we operate or where we may operate in the future, it could result in significant costs for us and the airline industry. In addition to direct costs, such regulation may have a greater effect on the airline industry through increases in fuel costs that could result from fuel suppliers passing on increased costs that they incur under such a system. In addition, we are subject to the requirements of the Carbon Offsetting and Reduction Scheme for International Aviation (“ CORSIA ”), an international, market- based emissions reduction program adopted by ICAO in 2016. CORSIA is intended to achieve carbon- neutral growth in the international aviation sector from 2021 through 2035 by requiring airlines to compensate for the growth in CO_2 emissions, relative to a predetermined baseline, of a significant majority of international flights through the purchase of carbon offsets or the use of low- carbon fuels. For each year from 2021 through 2032, CORSIA requires each airline to compensate for the rate of growth of the CO_2 emissions of the aviation sector as a whole as determined by ICAO. Starting in 2033, CORSIA will require airlines to compensate for growth in CO_2 emissions using a formula that will give 85 % weight to the growth in aviation sector emissions and 15 % weight to the growth in the individual airline’ s emissions over the period 2033 through 2035. **The CORSIA program will be implemented in three phases: A pilot phase that ran from 2021 through 2023, followed by a first phase of the program beginning in 2024 through 2026 and a second phase beginning in 2027 through 2035. Member countries can voluntarily participate in the pilot and first phases, while participation in the second phase is mandatory for certain countries, including the United States. The U. S. government has not yet enacted legislation to mandate that U. S. operators participate in CORSIA.** ICAO originally defined the baseline as the average emissions from covered flights in 2019 and 2020. However, due to the impact of the COVID- 19 pandemic on air travel, in June 2020 ICAO ~~determined to remove~~ **removed** 2020 from the baseline **calculation** ~~for the CORSIA “ pilot phase ” implementation (2021- 2023). At the 41st ICAO Assembly that concluded in October 2022, ICAO member states have agreed that 2019 emissions would continue to be used as the baseline~~ for the CORSIA “ pilot phase ” (2021- 2023) ~~and~~ **. In October 2022, ICAO member countries have agreed** that 85 % of 2019 emissions would be used as the baseline for the remainder of CORSIA’ s term (2024- 2035). Accordingly, ICAO member countries further agreed to a long- term aspirational goal of reaching net zero aviation emissions by 2050. The costs of complying with our future obligations under CORSIA are uncertain, because ~~of the difficulty in estimating the return of demand for international air travel in the recovery from the COVID- 19 pandemic and because~~ there is a significant uncertainty with respect to the future supply and price of carbon offset credits and lower- carbon aircraft fuels. As of December 31, ~~2022~~ **2023** , we have not been required to purchase any carbon offset credits or lower- carbon aircraft fuels for the CORSIA pilot phase ~~(2021- 2023)~~ . In addition, as described above, we will not directly control our CORSIA compliance costs because our compliance obligations through 2032 are based on the growth in emissions of the global aviation sector and begin to incorporate a factor for individual airline operator emissions growth starting in 2033. U. S. commitments announced during the Biden Administration’ s April 2021 Leaders **’** Summit on Climate include working with other countries on a vision toward reducing the aviation sector’ s emissions in a manner consistent with the Biden Administration’ s 2050 net- zero emissions goal, continued participation in CORSIA and development of sustainable aviation fuels **(“ SAF ”)** . On September 9, 2021, the Biden Administration launched the Sustainable Aviation Fuel Grand Challenge **, built upon by the FAA’ s Aviation Climate Action Plan published November 9, 2021, which outlines plans** to scale up the production of **SAF** ~~sustainable aviation fuel~~ , which aims to reduce GHG emissions from aviation by 20 % by 2030 and to replace all traditional aviation fuel with **SAF** ~~sustainable aviation fuel~~ by 2050. Whether these U. S. goals will be achieved and if so, the potential impacts on our business, cannot be predicted at this time. **As part of our efforts to decarbonize air transportation, in May 2023, we along with a consortium of other airlines, executed an agreement with CleanJoule, Inc., with a potential right to purchase SAF from CleanJoule once it achieves commercial production. In October 2023, the state of California passed two climate disclosure laws that will impact the Company in the future. These laws require specific disclosures on the amount of Scope 1, 2 and 3 GHG emissions created by or associated with an organization for any company doing business in California with annual revenue in excess of $ 1 billion, as well as disclosures around climate- related risks and the associated response to those risks, for any company doing business in California with annual revenue in excess of $ 500 million. The potential direct and indirect impacts to the Company are not fully known at this time, but additional costs can be expected in relation to these disclosures. Compliance dates have not yet been finalized, but it is expected that these disclosures will be required as early as January 1, 2026.** Noise ~~Federal law~~ **The Airport Noise and Capacity Act of 1990** recognizes the right of airport operators with special noise problems to implement local noise abatement procedures so long as those procedures do not **unreasonably** interfere ~~unreasonably~~ with interstate ~~and~~ **,** foreign commerce ~~and~~ **or** the national air transportation system, subject to FAA review ~~under the Airport Noise and Capacity Act (“ ANCA ”) of 1990~~ . These restrictions can include limiting nighttime operations, directing specific aircraft operational procedures during take- off and initial climb and limiting the overall number of flights at an airport. While we have had sufficient scheduling flexibility to accommodate local noise restrictions in the past, our operations could be adversely impacted if locally imposed regulations become more restrictive or widespread. Other Regulations Airlines are also subject to various other federal, state, local and foreign laws and regulations. For example, the U. S. Department of Justice has jurisdiction over certain airline competition matters. Labor relations in the airline industry are generally governed by the RLA. The privacy and security of passenger and employee data is regulated by various domestic and foreign laws and regulations. Future Regulations The U. S. government and foreign governments may consider and adopt new laws, regulations, interpretations and policies regarding a wide variety of matters that could directly or indirectly affect our results of operations. We cannot predict what laws, regulations, interpretations and policies might be considered in the future, nor can we judge what impact, if any, the implementation of any of these proposals or changes might have on our business. Impact of Regulatory Requirements on Our Business Regulatory requirements, including but not limited to those discussed above, affect operations and increase operating costs for the airline industry and future regulatory developments may continue to do the same. For additional information, please see **“** ~~Part I, Item 1A.~~ Risk Factors — ~~“ We are subject to various environmental and noise laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition, ” “ We are subject to risks~~ **Risks Related to Our Industry —** ~~associated with climate change, including increased regulation of our CO_2 emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure, ” “~~ We are subject to extensive regulation by the FAA, the DOT, TSA, the CBP and other U. S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition, ” ~~and~~ “ **— We are subject to risks associated with climate change, including increased regulation of our CO_2 emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure, ” “ — We are subject to various environmental and noise laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition ” and “ Risk Factors — Risks Related to Our Business —** Changes in legislation, regulation and government policy have affected, and may in the future have a material adverse effect on our business **, results of operations, cash flows and financial condition** . ” Available Information Our website is located at www. flyfrontier. com. We have made and expect in the future to make public disclosures to investors and the general public by means of the investor relations section of our website at ir. flyfrontier. com. In order to receive notifications regarding new postings to our website, investors are encouraged to enroll on our website to receive automatic email alerts (see https: / / ir. flyfrontier. com / ir- resources / email- alerts). We make available, free of charge, on our website our Annual Report on Form 10- K, our Quarterly Reports on Form 10- Q, our Current Reports on Form 8- K and amendments to those reports as soon as reasonably practicable after these reports are filed with or furnished to the SEC. The information on our website is not part of, and is not incorporated by reference in, this Annual Report on Form 10- K. ITEM 1A. RISK FACTORS Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10- K, including the section titled “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations ” and our consolidated financial statements and related notes, before making an investment decision related to our common stock. The risks and uncertainties described below may not be the only ones we face. We operate in a continually changing business environment, and new risks and uncertainties emerge from time to time. If any of these risks should occur, our business, results of operations, financial condition or growth prospects could be adversely affected. In those cases, the trading price of our common stock could decline and you may lose all or part of your investment. The demand for airline services is highly sensitive to changes in economic conditions, and a recession or similar economic downturn in the United States or globally would further weaken demand for our services and have a material adverse effect on our business, results of operations and financial condition, particularly since a substantial portion of our customers travel for leisure or other non- essential purposes. The demand for travel services is affected by U. S. and global economic conditions. Unfavorable economic conditions, such as those resulting from an inflationary economic environment and the responses by monetary authorities to control such inflation, rising interest rates, debt and equity market fluctuations, diminished liquidity and credit availability, increased unemployment rates, decreased investor and consumer confidence, political turmoil, supply chain challenges, natural catastrophes and the effects of climate change, regional and global conflicts and terrorist attacks and / or reactions to **pandemics or** ~~the~~ **other health threats, such as** COVID- 19 ~~pandemic or~~ **, including measures to reduce** ~~other~~ -- **the** ~~health threats~~ **spread of any such disease** , have historically impaired airline economics. For most cost- conscious leisure travelers, travel is a discretionary expense, and though we believe ULCCs are best suited to attract travelers during periods of unfavorable economic conditions as a result of such carriers' low base fares, travelers have often elected to replace air travel at such times with various other forms of ground transportation or have opted not to travel at all. Likewise, during periods of unfavorable economic conditions, businesses have deferred air travel or forgone it altogether. Travelers have also reduced spending by purchasing fewer non- fare services, which can result in a decrease in average revenue per passenger. Because airlines typically have relatively high fixed costs as a percentage of total costs, much of which cannot be mitigated during periods of lower demand for air travel, the airline business is particularly sensitive to changes in U. S. and global economic conditions. A reduction in the demand for air travel due to unfavorable economic conditions also limits our ability to raise fares to counteract increased fuel, labor and other costs. If U. S. or global economic conditions are unfavorable or uncertain for an extended period of time, including due to inflationary pressures and / or the disruption, instability and volatility in global markets resulting from the war between Russia and Ukraine **and the conflict in the Middle East** , it could have a material adverse effect on our business, results of operations and financial condition. ~~In particular, the COVID- 19 pandemic and associated decline in economic activity had a severe and prolonged effect on the U. S. economy and global markets generally, and a resurgence of the COVID- 19 pandemic or a similar outbreak of disease could depress demand for air travel in the future. Although we have seen a significant recovery of demand as of December 31, 2022, we can provide no assurance that demand for air travel will continue to recover and / or grow.~~ If we are unable to attract and retain qualified personnel **, including our senior management team or other key employees,** at reasonable costs or fail to maintain our company culture, our business, results of operations and financial condition could be harmed. Our business is labor intensive. We require large numbers of pilots, flight attendants, maintenance technicians and other personnel. We compete against other airlines for pilots, mechanics and other skilled labor and certain U. S. airlines offer wage and benefit packages exceeding ours. The airline industry is currently experiencing certain shortages of qualified personnel. In particular, as more pilots in the industry approach mandatory retirement age, the U. S. airline industry is being affected by a pilot shortage. As is common with most of our competitors, we have faced considerable turnover of our employees. These factors have caused us recently to maintain a larger workforce than is immediately necessary for our planned operations in order to maintain network reliability and support planned growth in light of the challenges of hiring and retaining employees under current economic conditions, including the current worker shortage impacting certain sectors of the U. S. labor market. As a result of the foregoing, there can be no assurance that we will be able to attract or retain qualified personnel and we may be required to increase wages and / or benefits in order to do so. **Furthermore** ~~In addition~~ , we ~~may lose personnel due to the impact of the COVID- 19 pandemic or an outbreak of another disease or similar public health threat, including, among other things, employee response to the related health and safety initiatives or to a return to office initiative. Legally required vaccine mandates have been imposed and have resulted in multiple unresolved court challenges, some of which remain ongoing. We~~ cannot predict what policies we may elect to or be required to implement in the future, or the effect thereof on our business, **which** ~~including whether the imposition of a mandatory vaccination requirement~~ could cause us to lose ~~,~~ or experience difficulties hiring ~~,~~ qualified personnel ~~. For instance, our retention of executives has been impaired by the executive compensation restrictions imposed by the CARES Act, which are not scheduled to expire until April 2023~~ . If we are unable to hire, train and retain qualified employees, our business could be harmed **. Additionally, much of our future success** and **our ability to efficiently execute our business strategy depends on the retention of our senior management team and other key employees with industry experience and knowledge. Competition for highly qualified personnel is intense and the loss of key employees, including members of our senior management team, could disrupt our operations, adversely impact employee retention and morale, and seriously harm our business. If** we **are unable to provide for the succession of our senior management team and / or other key employees or if we are unable to find suitable replacements in the event that we lose one or more of those employees, our business and our growth plan** may be **adversely affected** ~~unable to implement our growth plans~~ . In addition, as we hire more people and grow, we believe it may be increasingly challenging to continue to hire people who will maintain our company culture. Our company culture, which we believe is one of our competitive strengths, is important to providing dependable customer service and having a productive, accountable workforce that helps keep our costs low. As we continue to grow, we may be unable to identify, hire or retain enough people who meet the above criteria, including those in management or other key positions. Our company culture could otherwise be adversely affected by our growing operations and geographic diversity. If we fail to maintain the strength of our company culture, our competitive ability and our business, results of operations and financial condition could be harmed. The airline industry is exceedingly competitive, and we compete against legacy network airlines, low- cost carriers and other ultra low- cost carriers; if we are not able to compete successfully in our markets, our business, results of operations and financial condition may be materially adversely affected. We face significant competition with respect to routes, fares and services. Within the airline industry, we compete with legacy network carriers, LCCs and ULCCs. Competition on most of the routes we presently serve is significant, due to the large number of carriers in those markets. Furthermore, other airlines may begin service or increase existing service on routes where we currently face **relatively** little ~~or no~~ competition. In almost all instances, our competitors are larger than us and possess significantly greater financial and other resources than we do. The airline industry is particularly susceptible to price discounting because, once a flight is scheduled, airlines incur only nominal additional costs to provide service to passengers occupying otherwise unsold seats. Increased fare or other price competition could adversely affect our operations. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to increase revenue per available seat mile. The prevalence of discount fares can be particularly acute when a competitor has excess capacity to sell. Moreover, many other airlines have unbundled their services, at least in part, by charging separately for services, such as baggage and advance seat selection, which previously were offered as a component of base fares. This unbundling and other cost- reducing measures could enable competitor airlines to reduce fares on routes that we serve. In addition, airlines increase or decrease capacity in markets based on perceived profitability. If our competitors increase overall industry capacity, or capacity dedicated to a particular domestic or foreign region, market or route that we serve, it could have a material adverse impact on our business. ~~For instance, in 2017 there was widespread capacity growth across the United States, including in many of the markets in which we operate. In particular, during 2017, both Southwest Airlines and United Airlines increased their capacity in Denver. The domestic airline industry has often been the source of fare wars undertaken to grow market share or for other reasons, including, for example, actions by American Airlines in 2015 and United Airlines in 2017 to match fares offered in many of their respective markets by ULCCs, with resulting material adverse effects on the revenues of the airlines involved. The increased capacity across the United States in 2017 exacerbated the competitive pricing environment, particularly beginning in the second quarter of 2017, and this activity continued throughout 2018 and the first half of 2019.~~ If we continue to experience increased competition **,** our business, results of operations and financial condition could be materially adversely affected. We also expect that new work patterns and the growth of remote work will lead to increasing numbers of employees choosing to live remotely from their office location, which **has and** could ~~significantly~~ **continue to** alter the historical demand levels on the routes we serve. While we believe our low fares and low costs will enable us to grow our network **profitably** in new markets ~~profitably~~ **in order** to take advantage of new demand patterns as they arise, there can be no assurance that we will be successful in doing so or that we will be able to successfully compete with other U. S. airlines on such routes. If we fail to establish ourselves in such new markets **,** our business, results of operations and financial condition could be materially adversely affected. Our growth and the success of our ULCC business model could stimulate competition in our markets through our competitors' development of their own ULCC strategies or through new market entrants. For example, certain legacy network airlines have further segmented the cabins of their aircraft in order to enable them to offer a tier of reduced base fares designed to be competitive with those offered by us and other ULCCs. We expect the legacy airlines to continue to match LCC and ULCC pricing on portions of their networks **including through the selective deployment of so-called " basic economy " fares** . A competitor adopting a ULCC strategy **(including through the deployment of basic economy fares)** may have greater financial resources and access to lower- cost sources of capital than we do, which could enable them to execute ~~a ULCC~~ **their network** strategy with a lower cost structure than we can. If these competitors adopt and successfully execute a ULCC business model **or similar model by deploying basic economy fares** , our business, results of operations and financial condition could be materially adversely affected. There has been significant consolidation within the airline industry ~~, including, for example, the combinations of American Airlines~~ and ~~US Airways~~ , **in** ~~Delta Air Lines and Northwest Airlines, United Airlines and Continental Airlines, Southwest Airlines and AirTran Airways, and Alaska Airlines and Virgin America, and the proposed combination of Spirit and JetBlue. In~~ the future, there may be additional consolidation ~~in the airline industry~~ . Business combinations could significantly alter industry conditions and competition within the airline industry and could enable our competitors to reduce their fares. The extremely competitive nature of the airline industry could prevent us from attaining the level of passenger traffic or maintaining the level of fares or revenues related to non- fare services **,** required to achieve and sustain profitable operations in new and existing markets ~~and~~ **. This** could impede our growth strategy, which could harm our operating results. Due to our relatively small size, we are susceptible to a fare war or other competitive activities in one or more of the markets we serve, which could have a material adverse effect on our business, results of operations and financial condition. Our business has been, and may in the future be, materially adversely affected by the price and availability of aircraft fuel. Unexpected pricing of aircraft fuel or a shortage of, or disruption in, the supply of aircraft fuel could have a material adverse effect on our business, results of operations and financial condition. The cost of aircraft fuel is highly volatile and ~~in recent years~~ has generally been one of our largest individual operating expenses, accounting for **31 % and** 34 ~~% and 26~~ % of our operating expenses for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. High fuel prices or increases in fuel costs (or in the price of crude oil) would result in increased levels of expense, and we may not be able to increase ticket prices sufficiently to cover such increased fuel costs, particularly when fuel prices rise quickly ~~, as occurred in 2022~~ . We also sell a significant number of tickets to passengers well in advance of travel and, as a result, fares sold for future travel may not reflect such increased fuel costs. In addition, our ability to increase ticket prices to offset an increase in fuel costs is limited by the competitive nature of the airline industry and the price sensitivity associated with air travel, particularly leisure travel, and any increases in fares may reduce the general demand. Conversely, prolonged periods of low fuel prices could limit our ability to differentiate our product and low fares from those of the legacy network airlines and LCCs, as prolonged periods of low fuel prices could enable such carriers to, among other things, substantially decrease their costs, fly longer stages or utilize older aircraft. In addition, prolonged periods of low fuel prices could also reduce the benefit we expect to receive from the new technology, more fuel- efficient A320neo family aircraft we operate and have on order. ~~Significant increases in the price of fuel led to a 71 % increase in the fuel cost per gallon, from $ 2. 17 in the year ended December 31, 2021 to $ 3. 72 in the year ended December 31, 2022.~~ Any future fluctuations in aircraft fuel prices or sustained high or low fuel prices could have a material adverse effect on our business, results of operations and financial condition. Our business is also dependent on the availability of aircraft fuel (or crude oil), which is not predictable. Weather- related events ~~,~~ **and** natural disasters **(including hurricanes or similar events in the U. S. Southeast and on the Gulf Coast where a significant portion of domestic refining capacity is located)** , terrorism, wars **(including the war between Russia and Ukraine and the conflict in the Middle East), supply chain disruptions** , political disruption or instability involving oil- producing countries ~~(including due to the ongoing war between Russia and Ukraine)~~ , changes in **production levels of individual nations or associations of oil- producing states, economic sanctions imposed against oil- producing countries or specific industry participants, changes in fuel- related**

~~governmental~~ -- **government** ~~or cartel~~ policy ~~concerning crude oil or aircraft fuel production~~ **, the strength of the U. S. dollar against foreign currencies** , labor strikes, cyberattacks or other events affecting refinery production, transportation, taxes, marketing, environmental concerns, market manipulation, price speculation and other unpredictable events may drive actual or perceived fuel supply shortages. Shortages in the availability of, or increases in demand for, crude oil in general, other crude oil-based fuel derivatives and aircraft fuel in particular have resulted, and could continue to result, in increased fuel prices and could have a material adverse effect on our business, results of operations and financial condition. As of December 31, **2023 and** 2022 ~~and 2021~~ , we had no fuel cash flow hedges for future fuel consumption ~~,~~ and fuel hedges **;** therefore **, we** had no **material** impact within our consolidated statements of operations for the year ended December 31, ~~2022~~ **2023** . We cannot assure you that any potential future fuel hedging program will be effective or that we will maintain a fuel hedging program. Even if we are able to hedge portions of our future fuel requirements, we cannot guarantee that our hedge contracts will provide an adequate level of protection against increased fuel costs or that the counterparties to our hedge contracts will be able to perform. Our fuel hedge contracts may contain margin funding requirements that could require us to post collateral to counterparties in the event of a significant drop in fuel prices in the future. Additionally, our ability to realize the benefit of declining fuel prices may be delayed by the impact of any fuel hedges in place, and we may record significant losses on fuel hedges during periods of declining fuel prices. A failure of our fuel hedging strategy, significant margin funding requirements, overpaying for fuel through the use of hedging arrangements or our failure to maintain a fuel hedging program could prevent us from adequately mitigating the risk of fuel price increases and could have a material adverse effect on our business, results of operations and financial condition. **As a result of the U. S. Sustainable Aviation Fuel Grand Challenge launched by the Biden Administration on September 9, 2021 and the Aviation Climate Action Plan published by the FAA on November 9, 2021, which outlines plans to scale up the production of SAF and aims to reduce GHG emissions from aviation by 20 % by 2030 and to replace all traditional aviation fuel with SAF by 2050, industry demand for SAF had grown. Currently, industrial production of SAF is small in scale and inadequate to meet growing industry demand, and while additional production capacity is expected to come online in coming years, we anticipate that competition for SAF among industry participants will remain intense. As a result, we may need to pay a significant premium for SAF above the price we would pay for conventional jet fuel. Certain existing or potential future agreements pertain to SAF production from facilities that are planned but not yet operational, and which may utilize technology that has not been proven at commercial scale. There is no assurance that these facilities will be built or that they will meet contracted production timelines and volumes. In the event that the SAF is not delivered on schedule or in sufficient volumes, there can be no assurance that we will be able to source a supply of SAF sufficient to meet our stated goals, or that we will be able to do so on favorable economic terms.** We are subject to extensive regulation by the FAA, the DOT, the TSA, the CBP and other U. S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition. Airlines are subject to extensive regulatory and legal compliance requirements, both domestically and internationally, that involve significant costs. In the last several years, the U. S. Congress has passed laws and the FAA, the DOT and the TSA have issued regulations, orders, rulings and guidance relating to the operation, safety and security of airlines and consumer protections that have required significant expenditures. We expect to continue to incur expenses in connection with complying with such laws and government regulations, orders, rulings and guidance. Additional laws, regulations, taxes and increased airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce the demand for air travel, or have the effect of raising ticket prices, reducing revenue and increasing costs. For example, ~~in December 2022~~ the Emergency Vacating of Aircraft Cabin Act (the " EVAC Act ") was introduced in the U. S. Congress **in December 2022 and reintroduced in May 2023** . If enacted, the EVAC Act would require the FAA to promulgate a rule establishing evacuation standards, considering, among other factors, the ability of passengers with disabilities and passengers of different ages, heights and weight to safely and efficiently evacuate the aircraft, and the impact of seat size and seat pitch on the evacuation process. Required changes to the configuration of our aircraft could significantly increase our operational costs and could decrease potential passenger revenue. The DOT has broad authority over airlines and their consumer and competitive practices, and has used this authority to issue numerous regulations and pursue enforcement actions, including rules and fines relating to the handling of unfair or deceptive practices and unfair methods of competition including undisclosed display bias, lengthy tarmac delays, chronically delayed flights, airline advertising and marketing practices, codeshare disclosure, denied boarding compensation, ticket refunds, baggage liability, contracts of carriage, customer service commitments, consumer notices and disclosures, customer complaints and transportation of passengers with disabilities. ~~Among these is the series of Enhanced Airline Passenger Protection rules issued by the DOT.~~ In addition, the FAA Reauthorization Act of 2018, signed into law on October 5, 2018, ~~provided for several~~ **contains provisions requiring the DOT to, among other things, lift the payment cap on denied boarding compensation, create** new requirements ~~and rulemakings related to airlines, including but not limited to: (i) prohibition on voice communication cell phone use during certain flights, (ii) insecticide use disclosures, (iii) new training policy best practices~~ for ~~training regarding racial~~ **the treatment of disabled passengers** , ~~ethnic,~~ and **treble the maximum civil penalty** ~~religious non- discrimination, (iv) training on human trafficking~~ for **damage to wheelchairs and** ~~certain staff, (v) departure gate stroller check- in, (vi) the~~ **other assistive devices or** ~~protection of pets on airplanes and service animal standards, (vii) requirements to refund promptly to passengers any ancillary fees paid~~ for **injuring a disabled** ~~services not received, (viii) consumer complaint process improvements, (ix) pregnant~~ passenger ~~assistance~~ , ~~(x) restrictions on the ability to deny a revenue passenger permission to board or involuntarily remove such passenger from the aircraft, (xi) minimum customer service standards for large ticket agents, (xii) information publishing requirements for widespread disruptions and passenger rights, (xiii) submission of plans pertaining to employee and contractor training consistent with the Airline Passengers with Disabilities Bill of Rights, (xiv) ensuring assistance for passengers with disabilities, (xv) flight attendant duty period limitations and rest requirements, including submission of a fatigue risk~~

~~management plan, (xvi) submission of policies concerning passenger sexual misconduct, (xvii) development of an~~ **and requiring** ~~Employee Assault Prevention and Response Plan related to~~ the **FAA** ~~customer service agents, (xviii) increased penalties available related~~ to **issue rules establishing** ~~harm to passengers with disabilities or damage to wheelchairs or mobility aids, and (xix)~~ minimum dimensions for passenger seats **, including seat pitch, width and length, and to implement the rest requirements for flight attendants. The FAA Reauthorization Act of 2018 also included a five- year funding authorization for the FAA which was scheduled to expire on September 30, 2023, but was most recently extended to March 8, 2024. The legislative process to renew this authorization (the “ FAA Authorization Renewal ”) could impact us, and commercial aviation more generally, in numerous ways. As part of the FAA Authorization Renewal, the U. S. Congress could seek to impose new rules or regulations concerning, among other things, customer service, aviation safety, labor requirements, investments in FAA staffing and resources, improvements to the air traffic control system and managing new entrants in the U. S. national airspace system, as well as new or increased fees or taxes intended to fund these policies. Any new or enhanced requirements resulting from the FAA Authorization Renewal have the potential to increase our costs or impact our operation. If the U. S. Congress fails to pass the FAA Authorization Renewal, we expect passage of an additional extension of the current law to prevent a lapse in authorities. In July 2021, the DOT issued a NPRM requiring airlines to refund checked bag fees for delayed bags if they are not delivered to the passenger within a specified number of hours and refunding ancillary fees for services related to air travel that passengers did not receive. In August 2022, the DOT issued a NPRM requiring airlines and ticket agents to provide non-expiring travel vouchers or credits to consumers holding non- refundable tickets for scheduled flights to, from or within the United States as a result of the carrier cancelling or making a significant change to a scheduled flight, a serious communicable disease or for several other rulings. The DOT combined this NPRM with the July 2021 NPRM and, while a final rule has not been issued as of December 31, 2023, the DOT has stated that it anticipates issuing a final rule in April 2024. In October 2022, the DOT issued a NPRM which would require airlines to increase disclosure of bag fees, change and cancellation fees and family seating policies during the ticket purchase process in an effort to improve the transparency of airline pricing. While a final rule has not been issued as of December 31, 2023, the DOT has stated that it anticipates issuing a final rule in April 2024. The DOT has also issued several NPRMs related to aircraft accessibility measures** . In January 2020, the DOT published a NPRM regarding **short- term improvements, including with respect to** the accessibility features of lavatories and onboard wheelchair requirements on certain single- aisle aircraft with an FAA certificated maximum capacity of 125 seats or more, training flight attendants to proficiency on an annual basis to provide assistance in transporting qualified individuals with disabilities to and from the lavatory from their aircraft seat ~~,~~ and providing certain information on request to qualified individuals with a disability or persons inquiring on their behalf, on the carrier' s website and in printed or electronic form on the aircraft, concerning the accessibility of aircraft lavatories. Comments were reopened on this NPRM in November 2021. In ~~July~~ **March** ~~2021~~ **2022** , the DOT issued a NPRM **regarding long- term accessibility improvements** ~~requiring airlines to refund checked bag fees for delayed bags if they are not delivered to the passenger within a specified number of hours and refunding ancillary fees for services related to air travel~~ that **would** ~~passengers did not receive. In March 2022, the DOT issued a NPRM requiring~~ **require** airlines to ensure that at least one lavatory on new single- aisle aircraft with 125 seats or more is large enough to permit a passenger with a disability (with the help of an assistant, if necessary) to approach, enter and maneuver within the lavatory, as necessary, to use all lavatory facilities and to leave by means of the aircraft' s onboard wheelchair. **In August 2023** ~~If enacted as currently proposed~~ , ~~this~~ **the DOT published the final rule covering both the short- and long- term accessibility measures. The final rule mandated certain short- term accessibility measures that are substantially consistent with the measures outlined in the** NPRM ~~would apply~~ **, which we are required** to **comply with by October 2026. The final rule also adopted the expanded lavatory size requirement for** new **single- aisle** aircraft **with 125 seats or more, which applies to aircraft that are** ordered ~~18~~ **within 10** years **of,** or delivered ~~20~~ **12** years after **,** the **rule' s October 2023** effective date ~~of a final rule. In October 2022, the DOT issued a NPRM which would require airlines to increase disclosure of bag fees, change and cancellation fees and family seating policies during the ticket purchase process in an effort to improve the transparency of airline pricing. As of December 31, 2022, final rules have not been issued but, if any of these NPRMs are enacted as proposed, they could increase our costs and adversely affect our results of operations~~ . The DOT has also published final rules regarding traveling by air with service animals, defining unfair or deceptive practices, clarifying that the maximum amount of denied boarding compensation that a carrier may provide to a passenger denied boarding involuntarily is not limited, prohibiting airlines from involuntarily denying boarding to a passenger after the passenger' s boarding pass has been collected or scanned and the passenger has boarded (subject to safety and security exceptions), raising the liability limits for denied boarding compensation and raising the liability limit for mishandled baggage in domestic air transportation. The FAA has issued final regulations governing pilot rest periods and work hours for all passenger airlines certificated under Part 121 of the Federal Aviation Regulations **(“ FAR ”)** . The rule known as FAR Part 117, which became effective January 4, 2014, impacts the required amount and timing of rest periods for pilots between work assignments and modifies duty and rest requirements based on the time of day, number of scheduled segments, time zones and other factors. In addition, the U. S. Congress enacted a law and the FAA issued regulations requiring U. S. airline pilots to have a minimum number of hours as a pilot in order to qualify for an Air Transport Pilot certificate, which all pilots on U. S. airlines must obtain. **In** ~~Furthermore, in 2019, the FAA published an advance NPRM regarding flight attendant duty- period limitations and rest requirements, and in~~ October 2022, the FAA issued a final rule mandating rest periods of at least 10 consecutive hours for flight attendants who are scheduled for a duty period of 14 hours or less and prohibiting the reduction of the rest period under any circumstances, which will impact our scheduling flexibility. Compliance with these rules may increase our costs, while failure to remain in full compliance with these rules may subject us to fines or other enforcement action. FAR Part 117 and the minimum pilot hour requirements may also reduce our ability to meet flight crew staffing requirements. We cannot assure you that compliance with these and other laws, regulations, orders, rulings and guidance will not have a material adverse effect on our business, results of operations and financial condition. In addition, the TSA mandates the federalization of certain airport security procedures and imposes additional security requirements on airports and airlines, some of which is funded by a security fee imposed on passengers and collected by airlines. We cannot forecast what additional security and safety requirements may be imposed in the future or the costs or revenue impact that would be associated with complying with such requirements. Our ability to operate as an airline is dependent on our obtaining and maintaining authorizations issued to us by the DOT and the FAA. The FAA from time to time issues directives and other mandatory orders relating to, among other things, operating aircraft, the grounding of aircraft, maintenance and inspection of aircraft, installation of new safety- related items, and removal and replacement of aircraft parts that have failed or may fail in the future. These requirements can be issued with little or no notice, can impact our ability to efficiently or fully utilize our aircraft, and could result in the temporary grounding of aircraft types altogether ~~, such as the March 2019 grounding of the Boeing 737 MAX fleet~~ . A decision by the FAA to ground, or require time- consuming inspections of or maintenance on, our aircraft, for any reason, could negatively affect our business, results of operations and financial condition. Federal law requires that air carriers operating scheduled service be continuously " fit, willing and able " to provide the services for which they are licensed. Our " fitness " is monitored by the DOT, which considers managerial competence, operations, finances and compliance record. In addition, under federal law, we must be a U. S. citizen (as determined under applicable law). Please see " Business — Foreign Ownership ". While the DOT has seldom revoked a carrier' s certification for lack of fitness, such an occurrence would render it impossible for us to continue operating as an airline. The DOT may also institute investigations or administrative proceedings against airlines for violations of regulations. ~~For instance, on March 12, 2021, the DOT advised us that it was in receipt of information indicating that we had failed to comply with certain DOT consumer protection requirements relating to our consumer refund and credit practices and requested that we provide certain information to the DOT. The original DOT request for information and subsequent correspondence and requests were focused on our refund practices on Frontier- initiated flight cancellations and / or significant schedule changes in flights as a result of the COVID- 19 pandemic. We fully cooperated with the DOT request, and during November 2022 reached a settlement with the DOT that required us to offer refunds to any impacted passengers who did not use a provided flight credit or were not provided other travel accommodations and / or incentives in connection with Frontier- initiated flight cancellations and / or significant schedule changes. We were also required to provide short duration flight credits for certain customers who were unable to redeem their flight credits during a period in 2020 due to technological issues, as well as pay a net cash penalty of $ 1 million. The impact of the settlement for amounts in excess of reserves previously established for this matter for the year ended December 31, 2022 was not material.~~ International routes are regulated by air transport agreements and related agreements between the United States and foreign governments. Our ability to operate international routes is subject to change, as the applicable agreements between the United States and foreign governments may be amended from time to time. Our access to new international markets may be limited by the applicable air transport agreements between the United States and foreign governments and our ability to obtain the necessary authority from the United States and foreign governments to fly the international routes. In addition, our operations in foreign countries are subject to regulation by foreign governments and our business may be affected by changes in law and future actions taken by such governments, including granting or withdrawal of government approvals, airport slots and restrictions on competitive practices. We are subject to numerous foreign regulations in the countries outside the United States where we currently provide service. If we are not able to comply with this complex regulatory regime, our business could be significantly harmed. Please see " Business — Government Regulation ". Restrictions on, or increased taxes applicable to, charges for non- fare products and services paid by airline passengers and burdensome consumer protection regulations or laws could harm our business, results of operations and financial condition. For the years ended December 31, **2023 and** 2022 ~~and 2021~~ , we generated non- fare passenger revenues of $ ~~1~~ **2** , ~~866~~ **232** million and $ 1, ~~194~~ **866** million, respectively. Our non- fare passenger revenue consists primarily of revenue generated from air travel- related services such as service fees, baggage fees, seat selection fees and other passenger- related revenue and is a component of passenger revenue within our consolidated statements of operations. DOT has rules governing many facets of the airline- consumer relationship including, for instance, unfair or deceptive practices and unfair methods of competition including undisclosed display bias, lengthy tarmac delays, chronically delayed flights, airline advertising and marketing practices, codeshare disclosure, denied boarding compensation, ticket refunds, baggage liability, contracts of carriage, customer service commitments, consumer notices and disclosures, customer complaints and transportation of passengers with disabilities. The DOT periodically audits airlines to determine whether such airlines have violated any of the DOT rules. The DOT has conducted audits of our business and routine post- audit investigations of our business are ongoing. If the DOT determines that we are not, or have not been, in compliance with these rules or if we are unable to remain compliant, the DOT may subject us to fines or other enforcement action. ~~For instance, on March 12, 2021, the DOT advised us that it was in receipt of information indicating that we had failed to comply with certain DOT consumer protection requirements relating to our consumer refund and credit practices and requested that we provide certain information to the DOT. The original DOT request for information and subsequent correspondence and requests were focused on our refund practices on Frontier- initiated flight cancellations and / or significant schedule changes in flights as a result of the COVID- 19 pandemic. 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The impact of the settlement for amounts in excess of reserves previously established for this matter for the year ended December 31, 2022 was not material.~~ The DOT may also impose additional consumer protection requirements, including adding requirements to modify our websites and computer reservations system, which could have a material adverse effect on our business, results of operations and financial condition. For a discussion of DOT regulations and rulemaking efforts, please see " — We are subject to extensive regulations by the FAA, the DOT, the TSA, the CBP and other U. S. and foreign governmental agencies, compliance with which would cause us to incur increased costs and adversely affect our business, results of operations and financial condition. " The U. S. Congress and the DOT have also examined the increasingly common airline industry practice of unbundling the pricing of certain products and ancillary services, a practice that is a core component of our business strategy. If new laws or regulations are adopted that make unbundling of airline products and services impermissible, or more cumbersome or expensive, or if new taxes are imposed on non- fare passenger revenues, our business, results of operations and financial condition could be harmed. Congressional, federal agency and other government scrutiny may also change industry practice or the public' s willingness to pay for non- fare ancillary services. See also " — We are subject to extensive regulation by the FAA, the DOT, the TSA, the CBP and other U. S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition. " We are **also subject to the examination of our tax returns and other tax matters by the Internal Revenue Service and other tax authorities. There can be no assurance as to the outcome of these examinations, and we could face additional tax liability, including interest and penalties, which could adversely affect our business, results of operations and financial condition. We are** subject to risks associated with climate change, including increased regulation of our CO2 emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure. Efforts to transition to a low- carbon future have increased the focus by global, **national and** regional ~~and national~~ regulators on climate change and GHG emissions, including CO2 emissions. In particular, ICAO has adopted rules, including those pertaining to CORSIA, which will require us to address the growth in CO2 emissions of a significant majority of our international flights. For more information on CORSIA, see " Business — Government Regulation — Environmental Regulation ". At this time, the costs of complying with our future obligations under CORSIA are uncertain ~~, because it is difficult to estimate the return of demand for international air travel as the recovery from, and residual effects of, the COVID- 19 pandemic continues and~~ because there is a significant uncertainty with respect to the future supply and price of carbon offset credits and lower- carbon aircraft fuels. In addition, we will not directly control our CORSIA compliance costs through 2032 because those obligations are based on the growth in emissions of the global aviation sector and begin to incorporate a factor for individual airline operator emissions growth beginning in 2033. Due to the competitive nature of the airline industry and unpredictability of the market for air travel, we can offer no assurance that we may be able to increase our fares, impose surcharges or otherwise increase revenues or decrease other operating costs sufficiently to offset our costs of meeting obligations under CORSIA. In the event that CORSIA does not come into force as expected **or is terminated for whatever reason**, we and other airlines could become subject to an unpredictable and inconsistent array of national or regional emissions restrictions, creating a patchwork of complex regulatory requirements that could affect global competitors differently without offering meaningful aviation environmental improvements. Concerns over climate change are likely to result in continued attempts by municipal, state, regional and federal agencies to adopt requirements or change business environments related to aviation that, if successful, may result in increased costs to the airline industry and us. In addition, several countries and U. S. states have adopted, or are considering adopting, programs, including new taxes, to regulate domestic GHG emissions. ~~Finally~~ **For example**, **in October 2023, California became the first state to sign two climate disclosure laws which will require** certain **companies doing business in California to disclose their GHG emissions and climate- related financial risks. Other states and jurisdictions in which we operate may adopt similar laws. Certain** airports have adopted, and others could in the future adopt, GHG emission or climate- related goals that could impact our operations or require us to make changes or investments in our infrastructure. In addition, in January 2021, the EPA adopted GHG emission standards for new aircraft engines, which are aligned with the 2017 ICAO aircraft engine GHG emission standards. Like the ICAO standards, the final EPA standards for new aircraft engines would not apply retroactively to engines on in- service aircraft ~~. The final standards have been challenged by several states and environmental groups, and the Biden Administration has issued an executive order requiring a review of these final standards~~. On November 15, 2021, the EPA announced that it would not rewrite the existing airplane GHG emissions standards but would seek for more ambitious new airplane GHG emission standards within the ICAO process. **Since** ~~The outcome of the~~ **then** ~~legal~~ **, the EPA and ICAO' s Committee on Aviation Environmental Protection have had several meetings on this issue, but no further progress has been made. Several states and environmental groups have** ~~challenge~~ **challenged EPA' s final** ~~and the development of new airplane GHG emissions~~ standards ~~cannot be predicted at this time~~ **. On June 30, 2023, the U. S. Court of Appeals for the D. C. Circuit denied such petitions and upheld the EPA' s standards**. U. S. commitments announced during President Biden' s April 2021 Leaders' Summit on Climate include working with other countries on a vision toward reducing the aviation sector' s emissions in a manner consistent with the Biden Administration' s 2050 net- zero emissions goal, continued participation in CORSIA and development of **SAF** ~~sustainable aviation fuels~~. On September 9, 2021, the Biden Administration launched the Sustainable Aviation Fuel Grand Challenge **, built upon by the FAA' s Aviation Climate Action Plan published November 9, 2021, which outlines plans** to scale up the production of **SAF** ~~sustainable aviation fuel~~, aiming to reduce GHG emissions from aviation by 20 % by 2030 and to replace all traditional aviation fuel with **SAF** ~~sustainable aviation fuel~~ by 2050. Whether these U. S. or international goals will be achieved and the potential effects on our business cannot be predicted at this time **. If demand for SAF increases beyond the current capacity of SAF production efforts, we may need to pay a significant premium for SAF above the cost of traditional fuel**. All such climate change- related regulatory activity and developments may adversely affect our business and financial results by requiring us to reduce our emissions, make capital investments to purchase specific types of equipment or technologies, purchase carbon offset credits or otherwise incur additional costs related to our emissions, either due to direct regulation on us, regulation on our suppliers or others in our value chain, or otherwise. Such activity may also impact us indirectly by increasing our operating costs, including fuel costs. Growing recognition among consumers of the dangers of climate change may mean some customers choose to fly less frequently or fly on an airline they perceive as operating in a manner that is more sustainable to the climate or generally. Business customers may choose to use alternatives to travel, such as virtual meetings and workspaces. Greater development of high- speed rail in markets now served by short- haul flights could provide passengers with lower- carbon alternatives to flying with us. Our collateral to secure loans, in the form of aircraft, spare parts and airport slots, could lose value as customer demand shifts and economies move to low- carbon alternatives, which may increase our financing costs. **Additionally, climate change- related litigation and investigations have increased in recent years and any claims or investigations against us could be costly to defend and our business could be adversely affected by the outcome.** Finally, the potential acute and chronic physical effects of climate change, such as increased frequency and severity of storms, floods, fires, sea- level rise, excessive heat, longer- term changes in weather patterns and other climate- related events, could affect our operations, infrastructure and financial results. **Such severe weather events may increase the incidence of delays and cancellations, increase turbulence- related injuries, impact fuel consumption to avoid weather, require repositioning of aircraft to avoid damage or accommodate changed flights, or reduce demand for travel.** Operational impacts, such as the cancelling of flights, could result in loss of revenue. We could incur significant costs to improve the climate resiliency of our infrastructure and otherwise prepare for, respond to and mitigate such physical effects of climate change. We are not able to predict accurately the materiality of any potential losses or costs associated with the physical effects of climate change at this time. We are subject to various environmental and noise laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition. We are subject to increasingly stringent federal, state, local and foreign laws, regulations and ordinances relating to the protection of the environment and noise **reduction** , including those relating to **air** emissions ~~to the air~~ , discharges (including storm water discharges) to surface and subsurface waters, safe drinking water and the use, management, disposal and release of, and exposure to, hazardous ~~substances, oils and~~ waste **,** materials **and chemicals** . We are or may be subject to new or proposed laws and regulations that may have a direct effect (or indirect effect through our third- party specialists or airport facilities at which we operate) on our operations. In addition, U. S. airport authorities are exploring ways to limit de- icing fluid discharges. Any such existing, future, new or potential laws and regulations could have an adverse impact on our business, results of operations and financial condition. Similarly, we are subject to environmental laws and regulations that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under certain laws, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of wastes directly attributable to us. In addition, ~~the~~ ICAO and jurisdictions around the world have adopted noise regulations that require all aircraft to comply with noise- level standards, and governmental authorities in several U. S. and foreign cities are considering or have already implemented aircraft noise reduction programs, including the imposition of overnight curfews and limitations on daytime take- offs and landings. Compliance with existing and future environmental laws and regulations, including emissions limitations and more restrictive or widespread noise regulations, that may be applicable to us could require significant expenditures, increase our cost base and have a material adverse effect on our business, results of operations and financial condition, and violations thereof can lead to significant fines and penalties, among other sanctions. We routinely participate with other airlines in fuel consortia and fuel committees at our airports. The related agreements generally include cost- sharing provisions and environmental indemnities that are generally joint and several among the participating airlines. Any costs (including remediation and spill response costs) incurred by such fuel consortia could also have an adverse impact on our business, results of operations...... and could have a material adverse effect on our business, results of operations and financial condition. Airlines are often affected by factors beyond their control, including: air traffic congestion at airports; air traffic control inefficiencies; government shutdowns; major construction or ~~improvements~~ - **improvement projects** at airports; aircraft and engine defects; FAA grounding of aircraft; adverse weather conditions; increased security measures; new travel- related **identification requirements,** taxes **and fees** ; **natural disasters;** or ~~the outbreak~~ **outbreaks** of disease, any of which could have a material adverse effect on our business, results of operations and financial condition. Like other airlines, our business is affected by factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, government shutdowns, major construction or ~~improvements~~ - **improvement projects** at airports at which we operate, aircraft and engine defects, FAA grounding of aircraft, **adverse weather conditions,** increased security measures, new travel- related identification requirements, taxes and fees, ~~adverse weather conditions,~~ natural disasters and ~~the outbreak~~ **outbreaks** of disease. Flight delays caused by these factors may frustrate passengers and may increase costs and decrease revenues which, in turn, could adversely affect **our** profitability. The federal government controls all U. S. airspace, and airlines are completely dependent on the FAA to operate that airspace in a safe, efficient and affordable manner. The federal government also controls airport security. The air traffic control system, which is operated by the FAA, **has in the past and we expect will continue to** ~~faces~~ - **face** challenges in managing the ~~growing~~ demand for U. S. air travel. Federal government slowdowns or shutdowns may further impact the availability of federal resources, such as air traffic controllers and security personnel, necessary to provide air traffic control and airport security. Staffing shortages, such as ~~those~~ -- **the** ~~recently~~ -- **recent shortage of air** ~~experienced at the Jacksonville Air Traffic~~ **traffic controllers** ~~Control Center during the first half of 2022~~ , can cause delays or cancellations of flights or may impact our ability to take delivery of aircraft or expand our route network or airport footprint. In addition, U. S. and foreign air ~~-~~ traffic controllers often rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes resulting in delays. Further, implementation of the Next Generation Air Transport System, or NextGen, by the FAA could result in changes to aircraft routings and flight paths that could lead to increased noise complaints and other lawsuits, resulting in increased costs. The U. S. Congress could enact legislation that could impose a wide range of consumer protection requirements, which could increase our costs of doing business. In addition, airlines may also experience disruptions to their operations as a result of the aircraft and engines they operate, such as manufacturing defects, spare part shortages and other factors beyond their control. **Please see " Risk Factors — Risks Related to Our Business — We depend** ~~For example, regulators ordered the grounding of the entire worldwide Boeing 737 MAX fleet in March 2019. While such order did not have a direct impact~~ on **a sole- source supplier for** our ~~fleet, which is comprised entirely of Airbus A320 family~~ aircraft **and** ~~, any similar or other disruption to~~ **two suppliers for** our **engines** ~~operations could have a material adverse effect on our business, results of operations and financial condition~~ . **"** We provide service to many areas of the United States that are at risk of, and from time to time experience, severe weather events. Adverse weather conditions and natural disasters, such as hurricanes, thunderstorms, blizzards, snowstorms or earthquakes, can cause flight cancellations or significant delays. Cancellations or delays due to adverse weather conditions or natural disasters, air traffic control problems or inefficiencies, breaches in security or other factors may affect us to a greater degree than other larger airlines that may be able to recover more quickly from these events, and therefore could have a material adverse effect on our business, results of operations and financial condition to a greater degree than other air carriers. Because of our high utilization ~~and point- to- point network~~ , operational disruptions can have a disproportionate impact on our ability to recover from such disruptions. In addition, many airlines re- accommodate their disrupted passengers on other airlines at prearranged rates under flight interruption manifest agreements. We have been unsuccessful in procuring any of these agreements with our peers ~~,~~ which makes our recovery from disruption more challenging than for larger airlines that have these agreements in place. ~~Similarly, outbreaks of contagious diseases, such as COVID- 19, Ebola, measles, avian flu, severe acute respiratory syndrome (SARS), H1N1 (swine) flu, pertussis (whooping cough) and Zika virus, have in the past resulted, and may in the future result, in significant decreases in passenger traffic and the imposition of government restrictions in service, resulting in a material adverse impact on the airline industry.~~ New identification requirements, such as the implementation of rules under the REAL ID Act of 2005, and increased travel taxes, such as those provided in the Travel Promotion Act, enacted in March 2010, which currently charges visitors from certain countries a $ 17 fee every two years to travel into the United States to subsidize certain travel promotion efforts, could also result in decreases in passenger traffic. Any general reduction in airline passenger traffic **on our business,** results of operations and financial condition.We face competition from air travel substitutes.In addition to airline competition from legacy network airlines,LCCs and other ULCCs,we also face competition from air travel substitutes.On our domestic routes,particularly those with shorter stage lengths,we face competition from other transportation alternatives,such as buses,trains or automobiles.In addition,technology advancements may limit the demand for air travel.For example,video teleconferencing,virtual and augmented reality and other methods of electronic communication may reduce the need for in- person communication.Any inability to stimulate demand for air travel with our low base fares or to adjust rapidly in the event that the basis of competition in our markets changes could have a material adverse effect on our business,results of operations and financial condition.Future public health threats or outbreaks of disease,including pandemics similar to the COVID- 19 pandemic,as well as measures to reduce the spread of such disease and the related economic impact,could have a material adverse impact on our business,results of operations and financial ~~conditions~~ - **condition** .The outbreak and global spread of COVID- 19 **beginning in our 2020 fiscal year** resulted in a severe decline in demand for air travel ~~,~~ and **the resulting** measures to reduce ~~the~~ **its** spread **adversely impacted our business,operating results,financial condition and liquidity.The duration and severity** of **similar public health threats or outbreaks of disease,including** COVID- 19 ~~adversely impacted our business~~ , **that we may face** ~~results of operations,financial condition and liquidity.Future public health threats or outbreaks of disease,including pandemics similar to the COVID- 19 pandemic,as well as measures to reduce the spread of such disease,could adversely affect general economic conditions and demand for air travel which,~~ in **the** ~~turn,could have a material adverse impact on our business,results of operations,and financial condition.The duration and severity of a~~ future ~~public health threat or outbreak of disease,or any additional governmental or regulatory requirements that could be imposed on our business in response to such public health threat or disease,~~ cannot be predicted **,** and **such outbreaks** could result in additional adverse effects on our business, ~~results of operations~~ - **operating** ~~and~~ **results,** financial condition **,and liquidity** .Threatened or actual terrorist attacks or security concerns,particularly ~~those~~ involving airlines,could have a material adverse effect on our business,results of operations and financial condition.Past terrorist attacks or attempted attacks,particularly those against airlines,have caused substantial revenue losses and increased security costs,and any actual or threatened terrorist attack or security breach,even if not directly against an airline,could have a material adverse effect on our business,results of operations and financial condition.For instance,enhanced passenger screening,increased regulation governing carry- on baggage and other similar restrictions on passenger travel may further increase passenger inconvenience and reduce the demand for air travel.In addition,increased or enhanced security measures have tended to result in higher governmental fees imposed on airlines,thereby resulting in higher operating costs for airlines,which we may not be able to **pass on to consumers in the form of higher prices.Terrorist attacks made directly on an airline,particularly in the United States,or the fear of such attacks or other hostilities,including elevated national threat warnings or selective cancellation or redirection of flights due to terror threats,would have a negative impact on the airline industry and could have a material adverse effect** could have a material adverse effect on our business, results of operations and financial condition. Risks associated with our presence in international emerging markets, including political or economic instability, and failure to adequately comply with existing legal requirements, may materially adversely affect our business, results of operations and financial condition. Some of our target growth markets include countries with less developed economies, legal systems ~~,~~ **or** financial markets **,** and business and political environments that are vulnerable to economic and political disruptions, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets, trafficking and the imposition of taxes or other charges by governments. The occurrence of any of these events in markets served by us now or in the future and the resulting instability may have a material adverse effect on our business, results of operations and financial condition. We emphasize compliance with all applicable laws and regulations and have implemented and continue to implement and refresh policies, procedures and certain ongoing training of our employees, third- party specialists and partners with regard to business ethics and key legal requirements; however, we cannot assure you that our employees, third- party specialists or partners will adhere to our code of ethics, other policies or other legal requirements. If we fail to enforce our policies and procedures properly or maintain adequate recordkeeping and internal accounting practices to record our transactions accurately, we may be subject to sanctions. In the event we believe, or have reason to believe, that our employees, third- party specialists or partners have or may have violated applicable laws or regulations, we may incur investigation costs, potential penalties and other related costs which, in turn, may have a material adverse effect on our reputation, business, results of operations and financial condition. Increases in insurance costs or reductions in insurance coverage may have a material adverse effect on our business, results of operations and financial condition. If any of our aircraft were to be involved in a significant accident or if our property or operations were to be affected by a significant natural catastrophe or other event, we could be exposed to material liability or loss. If we are unable to obtain sufficient insurance (including aviation hull and liability insurance ~~and~~ **,** property and business interruption **coverage and cybersecurity incident** coverage) to cover such liabilities or losses, whether due to insurance market conditions or otherwise, our business, results of operations and financial condition could be materially adversely affected. We currently obtain third-party war risk (terrorism) insurance as part of our commercial aviation hull and liability policy and additional third- party war risk (terrorism) insurance through a separate policy with a different private insurance company. Our current third- party war risk (terrorism) insurance from commercial underwriters excludes nuclear, radiological and certain other events. If we are unable to obtain adequate war risk insurance **,** or if an event not covered by the insurance we maintain were to take place, our business, results of operations and financial condition could be materially adversely affected. A decline in, or temporary suspension of, the funding or operations of the U. S. federal government or its agencies may adversely affect our future operating results or negatively impact the timing and implementation of our growth prospects. The success of our operations and our future growth is dependent on a number of federal agencies, ~~specifically~~ **including** the FAA, the DOT and the TSA. In the event of a slowdown or shutdown of the federal government ~~, such as those experienced in October 2013 and December 2018 through January 2019~~ , certain functions of these and other federal agencies may be significantly diminished or completely suspended for an indefinite period of time, the conclusion of which is outside of our control. During such periods, it may not be possible for us to obtain the operational approvals and certifications required for events that are critical to the successful execution of our operational strategy, such as the delivery of new aircraft or the implementation of new routes. Additionally, there may be an impact on critical airport operations, particularly security, air traffic control and other functions that could cause airport delays and flight cancellations and negatively impact consumer demand for air travel. Furthermore, once a period of slowdown or government shutdown has concluded, there will likely be an operational backlog within the federal agencies that may extend the length of time that such events continue to negatively impact our business, results of operations and financial condition beyond the end of such period ~~. The deployment of new 5G C- band service by wireless communications service providers could have a material adverse effect on our operations, which in turn could negatively impact our business, results of operations and financial condition. On January 17, 2022, various executives of U. S. passenger airlines and cargo carriers, and airline industry associations, warned the U. S. federal government of the potential adverse impact the imminent deployment of AT & T and Verizon' s new 5G C- band service would have on U. S. aviation operations. According to aviation leaders, the deployment of the new 5G C- band service could cause, among other consequences, operational and security issues, interference with critical aircraft instruments and adverse impact to low- visibility operations. Any of these consequences could potentially cause flight cancellations, diversions and delays, or could result in damage to our aircraft and other equipment and a diminished margin of safety in airline operations. On January 18, 2022, AT & T and Verizon agreed to delay the implementation of 5G C- band service near airports until July 5, 2022 while working with the FAA to develop long- term mitigations to support safe aviation operations. While AT & T and Verizon agreed to delay the activation of 5G transmitters in close proximity to airports, they did move forward with the activation of a vast majority of 5G transmitters away from airports, and we expect they will continue expanding their 5G C- band service over the next several years. As a result, the FAA has taken precautionary steps to mitigate any remaining interference risks, which have resulted in minimal impacts to our operations, particularly in low- visibility conditions at certain airports. On June 17, 2022, the FAA announced that AT & T and Verizon had agreed to keep 5G mitigations beyond July 5, 2022, but simultaneously announced their expectation that the U. S. mainline commercial fleet have radio altimeter retrofits or other enhancements in place by July 2023. In December 2022, the FAA proposed a requirement that all U. S. carriers have 5G C- band- tolerant radio altimeters or install approved filters by February 2024. We believe that the impact, if any, on our operations will be minimal. We cannot predict if any new requirements or restrictions will be imposed on airlines by the DOT, the FAA or other government agencies, but any such requirement or restriction could have an adverse effect on our operations and any sustained impact to our operations could adversely affect our business, results of operations and financial condition~~ . If we fail to implement our business strategy successfully, our business, results of operations and financial condition could be materially adversely affected. Our growth strategy includes significantly expanding our fleet and expanding the number of markets we serve. We select target markets and routes where we believe we can achieve profitability within a reasonable timeframe, and we only continue operating on routes where we believe we can achieve and maintain our desired level of profitability. When developing our route network, we focus on gaining market share on routes that have been underserved or that are served primarily by higher cost airlines, where we believe we have a competitive cost advantage. Effectively implementing our growth strategy is critical for our business to achieve economies of scale and to sustain or increase our profitability. We face numerous challenges in implementing our growth strategy, including our ability to: • sustain our relatively low unit operating costs; • continue to realize attractive revenue performance; • achieve and maintain profitability; • maintain a high level of aircraft utilization; and • access airports located in our targeted geographic markets where we can operate routes in a manner that is consistent with our cost strategy. In addition, in order to successfully implement our growth strategy, which includes the planned growth of our fleet size and a firm commitment to purchase ~~221~~ **210** A320neo family aircraft by the end of 2029, we will require access to a large number of gates and other services at airports we currently serve or may seek to serve. We believe there are currently significant restraints on gates and related ground facilities at many of the most heavily utilized airports in the United States, in addition to the fact that three major domestic airports (JFK and LaGuardia in New York and Reagan National in Washington, D. C.) require government- controlled take- off or landing " slots " to operate at those airports. As a result, if we are unable to obtain access to a sufficient number of slots, gates or related ground facilities at desirable airports to accommodate our growing fleet, we may be unable to compete in those markets, our aircraft utilization rate could decrease and we could suffer a material adverse effect on our business, results of operations and financial condition. Our growth is also dependent upon our ability to maintain a safe and secure operation ~~, including enhanced safety procedures as a result of the COVID- 19 pandemic,~~ and will require additional personnel, equipment and facilities as we continue to induct new aircraft and execute our growth plan. In addition, we will require additional third- party personnel for services we do not undertake ourselves. An inability to hire and retain personnel, secure the required equipment and facilities in a cost- effective and timely manner, efficiently operate our expanded facilities or obtain the necessary regulatory approvals may adversely affect our ability to achieve our growth strategy, which could harm our business. Furthermore, expansion to new markets may have other risks due to factors specific to those markets. We may be unable to foresee all of the existing risks upon entering certain new markets or respond adequately to these risks, and our growth strategy and our business may suffer as a result. In addition, our competitors may reduce their fares and / or offer special promotions following our entry into a new market. We cannot assure you that we will be able to profitably expand our existing markets or establish new markets. Some of our target growth markets outside of the United States include countries with less developed economies that may be vulnerable to unstable economic and political conditions, ~~such as significant fluctuations~~ **see " — Risks associated with our presence** in ~~gross domestic product~~ **international emerging markets** , **including political or economic** ~~interest and currency exchange rates, civil disturbances, government~~ instability, ~~nationalization~~ and **failure to adequately comply with existing legal requirements** ~~expropriation of private assets and the imposition of taxes or other charges by governments. The occurrence of any of these events in markets we serve, and the resulting instability~~ , may **materially** adversely affect our ~~ability to implement our growth strategy~~ **business, results of operations and financial condition** . **"** Our low- cost structure is one of our primary competitive advantages, and many factors could affect our ability to control our costs. Our low- cost structure is one of our primary competitive advantages. However, we have limited control over some of our costs. For example, we have limited control over the price and availability of aircraft fuel, aviation insurance, the acquisition and operating cost of aircraft, airport and related infrastructure costs, taxes, the cost of meeting changing regulatory requirements and our cost to access capital or financing. In addition, the compensation and benefit costs applicable to a significant portion of our employees are established by the terms of collective bargaining agreements, which could result in increased labor costs. See " — Increased labor costs, union disputes, employee strikes and other labor- related disruption may adversely affect our business, results of operations and financial condition. " Further, in an inflationary environment **that** ~~which is~~ also ~~exhibiting~~ **exhibits** worker and fuel shortages ~~, such as the current U. S. economic environment~~ , depending on airline industry and other economic conditions, we may be unable to manage through the resulting increases in our operating costs. We cannot predict ~~how long the current inflationary period will last or~~ the extent to which high inflation may occur in the U. S. economy in the future **, or for how long an inflationary period or worker or fuel shortages will last** . As such, we cannot guarantee **that** we will be able to maintain our relatively low costs. If our costs increase and we are no longer able to maintain a competitive cost structure, it could have a material adverse effect on our business, results of operations and financial condition. We may not be able to grow or maintain our unit revenues or maintain our non- fare revenues. A key component of our Low Fares Done Right strategy is attracting customers with low fares and garnering repeat business by delivering a high- quality, family- friendly customer experience with a more upscale look and feel than traditionally experienced on other ULCCs in the United States. We intend to continue to differentiate our brand and product in order to expand our loyal customer base and grow or maintain our unit revenues and maintain our non- fare revenues. The rising cost of aircraft and engine maintenance may impair our ability to offer low- cost fares, resulting in reduced revenues. Differentiating our brand and product has required, and will continue to require, significant investment, and we cannot assure you that the initiatives we have implemented will continue to be successful or that the initiatives we intend to implement will be successful. If we are unable to maintain or further differentiate our brand and product from the other U. S. ULCCs, our market share could decline, which could have a material adverse effect on our business, results of operations and financial condition. We may also not be successful in leveraging our brand and product to stimulate new demand with low base fares or gain market share from the legacy airlines, particularly if we experience significant excess capacity ~~such as that caused by the COVID- 19 pandemic~~ . In addition, our business strategy includes maintaining our portfolio of desirable, value- oriented, non- fare products and services. However, we cannot assure you that passengers will continue to perceive value in the non- fare products and services we currently offer and regulatory initiatives could adversely affect non- fare revenue opportunities. Failure to maintain our non- fare revenues could have a material adverse effect on our business, results of operations and financial condition. Furthermore, if we are unable to maintain our non- fare revenues, we may not be able to execute our strategy to continue to lower base fares in order to stimulate demand for air travel. ~~We depend on a sole- source supplier for our aircraft and two suppliers for our engines.~~ A critical cost- saving element of our business strategy is to operate a single- family aircraft fleet; however, our dependence on the Airbus A320 family aircraft for all of our aircraft and on CFM International **, an affiliate of General Electric Company,** and Pratt & Whitney for our engines makes us vulnerable to any delivery delays, design defects, mechanical problems or other technical or regulatory issues associated with this aircraft type or these engines. In the event of any actual or suspected design defects or mechanical problems with the Airbus A320 family aircraft or CFM International or Pratt & Whitney engines, whether involving our aircraft or that of another airline, we may choose, or be required, to suspend or restrict the use of our aircraft. Our business could also be materially adversely affected if the public avoids flying on our aircraft due to an adverse perception of the Airbus A320 family aircraft or CFM International or Pratt & Whitney engines, whether because of safety concerns or other problems, real or perceived, or in the event of an accident involving such aircraft or engines. **Since 2022, we have begun to introduce aircraft into our fleet that use the Pratt & Whitney PW1100 Geared Turbo Fan (" GTF ") engine, and we have selected this engine for most of our planned future deliveries. In the third quarter of 2023, Pratt & Whitney announced an expansion of an inspection program related to PW1100 GTF engines, which, for the first time, includes engines in our fleet. This inspection program is expected to begin in the second half of 2024. In December 2023, the FAA issued a NPRM proposing to supersede two Airworthiness Directives related to PW1100 GTF engines. Although final Airworthiness Directives have not been issued as of the date of this report, the Airworthiness Directives, if adopted as proposed, would impose additional inspection and maintenance requirements on PW1100 GTF engines, including accelerated replacement of certain engine components. Although the specific impact to our operations is unknown at this time, additional inspection or maintenance obligations, whether required by Pratt & Whitney or the FAA, could result in lengthy turnaround times to perform these inspections and any resulting repairs or other modifications that may be identified. This inspection program could have an adverse impact on our operations, particularly if we are required to temporarily take aircraft out of service, however, we do not anticipate a material impact on our financial condition given the contractual protections in our Pratt & Whitney agreements. The inspection program could potentially affect the timing of future deliveries of aircraft for which Pratt & Whitney engines have been selected.** Separately, if any of Airbus, CFM International or Pratt & Whitney becomes unable to perform its contractual obligations, including a failure to ~~delivery~~ **deliver** aircraft or engines on schedule, and we must lease or purchase aircraft or engines from another supplier, we would incur substantial transition costs, including expenses related to acquiring new aircraft, engines, spare parts, maintenance facilities and training activities, and we would lose the cost benefits ~~from~~ **realized by** our current single- fleet composition, any of which could have a material adverse effect on our business, results of operations and financial condition. We have recently experienced delays in the deliveries of Airbus aircraft, which have not exceeded several months, and our business could be additionally impacted if delays persist in future periods. These risks may be exacerbated by the long- term nature of our fleet and order book ~~and the unproven new engine technology to be utilized by the related aircraft~~ . See also " — We may be subject to competitive risks due to the long- term nature of our fleet and order book **which commits us to Airbus aircraft** and the ~~unproven new~~ **engines available for such aircraft for a substantial period of time into the future." We may be subject to competitive risks due to the long- term nature of our fleet and order book which commits us to Airbus aircraft and the engines available for such aircraft for a substantial period of time into the future.** As of December 31, ~~2022~~ **2023** ,we had **substantial** existing aircraft purchase commitments through 2029,all of which are for Airbus A320neo family aircraft.Of the ~~221~~ **210** A320neo family aircraft we have committed to purchase by the end of 2029, ~~130~~ **119** will be equipped with Pratt & Whitney ~~Geared Turbo Fan ("~~ GTF ~~")~~ engines and we are still evaluating engine options for the remaining 91 aircraft on our order book ~~related~~ **.We have a firm obligation** to **purchase 15 additional spare engines to be delivered by** the **end** ~~amendment that was entered into with Airbus in the fourth quarter~~ of ~~2021~~ **2028 ,all of which are Pratt & Whitney GTF engines** .In addition,the majority of our current fleet is equipped with the LEAP engine manufactured by CFM International ~~,an affiliate of General Electric Company~~ .The A320neo family represents the latest step in the modernization of the A320 family aircraft,and includes next- generation ~~engine technology as well as aerodynamic refinements,large curved sharklets,weight savings,a new aircraft cabin with larger hand luggage spaces and an improved air purification system.We are one of the first airlines to utilize the A320neo family as well as the LEAP engine,and it could take several years to determine whether the~~ engine technology ~~utilized by the related~~ **as well as aerodynamic refinements, large curved sharklets, weight savings, a new** aircraft **cabin with larger hand luggage spaces and an improved air purification system** . ~~" Increased labor~~ **We were one of the first airlines to utilize the A320neo family and the LEAP engine, and it could take several years to determine whether the reliability and maintenance** costs **associated with a new aircraft and engine would have a significant impact on our operations. In addition** , ~~union disputes~~ **the majority of our planned future deliveries will be equipped with Pratt & Whitney GTF engines** , ~~employee strikes~~ **which may be subject** to ~~utilize~~ **an expanded inspection program expected to begin in** the ~~A320neo family~~ **second half of 2024,** as **discussed above** ~~well as the LEAP engine,and it could take several years to determine whether the reliability and maintenance costs associated with a new aircraft and engine would have a significant impact on our operations~~ .If we are unable to realize the potential competitive advantages we expect to achieve through the implementation of the A320neo family aircraft and LEAP or GTF engines into our fleet or if we experience unexpected costs or delays in our operations as a result of such implementation, **including due to increased inspection or maintenance obligations imposed on the Pratt & Whitney GTF engines,** our business,results of operations and financial condition could be materially adversely affected.Furthermore,as technological evolution occurs in our industry,through the use of **composite materials** and other **innovations, we** ~~labor- related disruption~~ may ~~adversely~~ **be competitively disadvantaged because we have extensive existing fleet commitments that would prohibit us from adopting new technologies on an expedited basis. In addition, while our operation of a single family of aircraft provides us with several operational and cost advantages, any FAA directive or other mandatory order relating to our aircraft or engines, including the grounding of any of our aircraft for any reason, could potentially apply to all or substantially all of our fleet, which could materially disrupt our operations and negatively** affect our business, results of operations and financial condition. Our business is labor intensive, with labor costs representing approximately **24 % and** 21 ~~% and 28~~ % of our total operating costs for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. As of December 31, ~~2022~~ **2023** , approximately ~~87~~ **86** % of our workforce was represented by labor unions ~~. We have ratified labor agreements with several of the labor unions representing our employees, including with the union representing our pilots in January 2019, with the union representing our flight attendants in May 2019 and with the union representing our aircraft technicians in May 2022~~ . See " Business — Human Capital Resources ". We cannot assure you that our labor costs going forward will remain competitive or that any new agreements into which we enter will not have terms with higher labor costs or that the negotiations of such labor agreements will not result in any work stoppages ~~. Relations between air carriers and labor unions in the United States are governed by the RLA. Under the RLA, collective bargaining agreements generally contain " amendable dates " rather than expiration dates, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi- stage, and usually lengthy, series of bargaining processes overseen by the NMB. This process continues until either the parties have reached agreement on a new collective bargaining agreement, or the parties have been released to " self- help " by the NMB. In most circumstances, the RLA prohibits strikes; however, after release by the NMB, carriers and unions are free to engage in self- help measures such as lockouts and strikes~~ . We cannot provide assurance that we will not experience operational disruption resulting from any future negotiations or disagreements with our pilots or with any of our other union- represented employee groups. In addition, we cannot provide any estimate with regard to the amount or probability of future compensation increases, ratification incentives or other costs that may come as a result of future negotiations with our pilots or our other union- represented groups. Future operational disruptions or other costs related to labor negotiations, including reputational harm that may come as a result of such disruptions, if any, may have a material adverse impact on our business, results of operations and financial condition. In addition, the terms and conditions of our future collective bargaining agreements may be affected by the results of collective bargaining negotiations at other airlines that may have a greater ability, due to larger scale, greater efficiency, superior profitability or other factors, to bear higher costs than we can. One or more of our competitors may also significantly reduce their labor costs, thereby providing them with a competitive advantage over us. Our labor costs may also increase in connection with our growth and we could also become subject to additional collective bargaining agreements in the future as non- unionized workers may unionize. The occurrence of any such event may have a material adverse impact on our business, results of operations and financial condition. Our inability to expand or operate reliably or efficiently out of airports where we maintain a large presence could have a material adverse effect on our business, results of operations and financial condition. We are highly dependent on markets served from airports that are significant to our business, including Denver, Orlando, Las Vegas, Philadelphia and Atlanta. Our results of operations may be affected by actions taken by governmental or other agencies or authorities having jurisdiction over our operations at these and other airports, including, but not limited to: • increases in airport rates and charges; • limitations on take- off and landing slots, airport gate capacity or other use of airport facilities; • termination of our airport use agreements, some of which can be terminated by airport authorities with little notice to us; • increases in airport capacity that could facilitate increased competition; • international travel regulations such as customs and immigration; • increases in taxes; • changes in the law that affect the services that can be offered by airlines, in general and in particular markets or at particular airports; • restrictions on competitive practices; • the adoption of statutes or regulations that impact or impose additional customer service standards and requirements, including security standards and requirements; and • the adoption of more restrictive locally imposed noise regulations or curfews. We primarily operate out of Concourse A at Denver International Airport, and in May 2022, we entered into a 10- year airport use and lease agreement with the City and County of Denver which includes a new ground- level boarding facility and 14 accompanying gates. In general, any changes in airport operations could have a material adverse effect on our business, results of operations and financial condition. Any damage to our reputation or brand image could adversely affect our business or financial results. Maintaining a good reputation globally is critical to our business. Our reputation or brand image could be adversely impacted by, among other things, any failure to adopt or maintain high ethical, social and environmental sustainability practices for our operations and activities; our impact on the environment; any inability to maintain our position as " America' s Greenest Airline " as measured by fuel efficiency (ASMs per fuel gallon consumed **during the year ended December 31, 2023; compared to all other major U. S. carriers**) including, for example, if another major U. S. airline experiences more average fuel savings than us based on ASMs per fuel gallon consumed or if consumers perceive us to be less " green " than other airlines based on different factors or metrics or by attributing the sustainability practices of our vendors, suppliers and other third parties to us; public pressure from investors or policy groups to change our policies, such as movements to institute a " living wage; " customer perceptions of our advertising campaigns, sponsorship arrangements or marketing programs; customer perceptions of our use of social media; or customer perceptions of statements made by us, our employees and executives, agents or other third parties. **Increasingly, our reputation may also be impacted by our customers' and other stakeholders' perception of the risks and opportunities we face related to diversity, equity and inclusion and climate change engagement, our role in the communities in which we operate and our relationship with our crew members.** In addition, we operate in a highly visible industry that has significant exposure to social media. Negative publicity, including as a result of misconduct by our customers, vendors or employees, can spread rapidly through social media. Should we not respond in a timely and appropriate manner to address negative publicity, our brand and reputation may be significantly harmed. Damage to our reputation or brand image or loss of customer confidence in our services could adversely affect our business and financial ~~results~~ **condition** , as well as require additional resources to rebuild our reputation **. Moreover, an outbreak and spread of an infectious disease could adversely impact consumer perceptions of the health and safety of travel, and in particular airline travel, such as occurred during the COVID- 19 pandemic. Actual or perceived risk of infection on our flights could have a material adverse effect on the public' s perception of us and may harm our reputation and business. We have in the past been, and may in the future be, required to take extensive measures to reassure our team members and the traveling public of the safety of air travel, and we could incur significant costs implementing safety, hygiene- related or other actions to limit the actual or perceived threat of infection among our employees and passengers. However, we cannot assure that any actions we might take in response to an infectious disease outbreak will be sufficient to restore the confidence of consumers in the safety of air travel. While the rate of these incidents has declined following the lifting of mask mandates and other COVID- 19 measures, if our employees feel unsafe or believe that we are not doing enough to prevent and prosecute such incidents, we could experience higher rates of employee absence or attrition and we may suffer reputational harm which could make it more difficult to attract and retain employees, and which could in turn adversely affect our business,**

results of operations and financial condition . In addition, our reputation or brand image could be adversely impacted by any inability to deliver strong operational performance, which we believe helps strengthen our customer loyalty and attract new customers. ~~The DOT publishes statistics regarding measures of customer satisfaction for domestic airlines, including on- time performance and completion factors. Our on- time performance, which measures the percentage of our scheduled flights with on- time arrivals (within 15 minutes) for domestic routes only, was 66. 9 %, 76. 6 % and 83. 9 %, for the nine months ended September 30, 2022 and the years ended December 31, 2021 and 2020, respectively, based on the latest publicly available information. Our completion factor, which measures the percentage of our scheduled flights that were completed by us for domestic routes only, whether or not delayed (i. e., not cancelled), was 97. 2 %, 98. 6 % and 94. 9 % for the nine months ended September 30, 2022 and the years ended December 31, 2021 and 2020, respectively. As of September 30, 2022, the ranges of on- time performance and completion factor for the 10 airlines of significant size in the United States ranged from 62. 8 % to 81. 8 % and 95. 6 % to 99. 3 %, respectively, and we ranked 8th and 5th, respectively.~~ Any sustained inability to maintain or improve our operational performance could result in decreased customer loyalty and, in turn, could significantly harm our brand and reputation and adversely affect our business and financial **condition** ~~results. Moreover, the outbreak and spread of COVID-19 has adversely impacted consumer perceptions of the health and safety of travel, and airline travel in particular, and these negative perceptions, whether or not based in fact, could continue even after the pandemic subsides. Although we have taken various measures to reassure our team members and the traveling public of the safety of air travel, actual or perceived risk of infection on our flights has had, and may continue to have, a material adverse effect on the public' s perception of us, which has harmed, and may continue to harm, our reputation and business~~ . Our reputation and business could be adversely affected in the event of an emergency, accident or similar public incident involving our aircraft or personnel. We are exposed to potential significant losses and adverse publicity in the event that any of our aircraft or personnel is involved in an emergency, accident, terrorist incident or other similar public incident, which could expose us to significant reputational harm and potential legal liability. In addition, we could face significant costs or lost revenues related to repairs or replacement of a damaged aircraft and its temporary or permanent loss from service. We cannot assure you that we will not be affected by such events or that the amount of our insurance coverage will be adequate in the event such circumstances arise, and any such event could cause a substantial increase in our insurance premiums. In addition, any future emergency, accident or similar incident involving our aircraft or personnel, even if fully covered by insurance or even if it does not involve our airline, may create an adverse public perception about our airline or that the equipment we fly is less safe or reliable than other transportation alternatives, or, in the case of our aircraft, could cause us to perform time- consuming and costly inspections on our aircraft or engines, any of which could have a material adverse effect on our business, results of operations and financial condition. Increasing scrutiny and evolving expectations from customers, regulators, investors and other stakeholders with respect to our environmental, social and governance (" ESG ") practices may impose additional costs on us, harm our reputation, adversely impact our access to capital and financial results, or expose us to new or additional risks. Companies are facing increasing scrutiny from customers, regulators, investors and other stakeholders related to their ESG practices and disclosure, including practices and disclosures related to GHGs and climate change in the airline industry in particular, and diversity, inclusion, health and safety and human rights initiatives and governance standards among companies more generally. As a result, we may face increasing pressure regarding our ESG practices and disclosures. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation and the trading price of our common stock. New government regulations could also result in new or more stringent forms of ESG oversight and expanded mandatory and voluntary reporting, diligence and disclosure. ~~Increased~~ **For example, the growing emphasis on** ESG **matters has resulted, and may result, in the adoption of new laws and regulations, including new reporting requirements, including with respect to climate change. For example, the State of California finalized a suite of laws that require, and the SEC issued a proposed rule in March 2022 that would mandate, extensive disclosure of climate** - related ~~compliance costs~~ **data, risks, and opportunities, including financial impacts, physical and transition risks, related governance and strategy, and GHG emissions, for certain public companies. Additionally, our suppliers, customers or other business partners may require us to provide additional climate- related information if they are also subject to these or additional climate- related disclosure laws or regulations in other jurisdictions. If we fail to comply with new laws, regulations or reporting requirements, or we fail to provide complete and accurate information to our suppliers, customers or other business partners, our reputation and business** could ~~result in increases to our overall operational costs, which could have a material adverse effect on our business, results of operations and financial condition. To the extent ESG matters negatively impact our reputation, we may also not~~ be **adversely impacted** ~~able to compete as effectively to recruit or retain employees~~ . In addition, we have ~~announced~~ a number of ESG initiatives, which will require ongoing investment, and there is no assurance ~~that we will achieve any of these goals or~~ that our initiatives will achieve their intended outcomes. Consumers' perceptions of our efforts to achieve these ~~goals~~ **initiatives** often differ widely and present risks to our reputation and brand. Further, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on ESG matters. Such ratings are used by some investors to inform their investment or voting decisions. If we are unable to meet the ESG standards or investment criteria set by these investors, we may lose investors, investors may allocate a portion of their capital away from us and our reputation may also be negatively affected. **In addition, even if our initiatives are effective, we may experience increased costs as a result of executing upon our sustainability goals that may not be offset by any benefit to our reputation, which could have an adverse impact on our business and financial condition.** Negative publicity regarding our customer service could have a material adverse effect on our business, results of operations and financial condition. Our business strategy includes the differentiation of our brand and product from the other U. S. airlines, including other ULCCs, in order to increase customer loyalty and drive future ticket sales. We intend to accomplish this by continuing to offer passengers dependable customer service. However, in the past, we have received customer complaints related to, among other things, our customer service and reservations and ticketing systems ~~, in addition to complaints related to our COVID- 19- related refund policy~~ . We and other airlines have also received complaints regarding the treatment and handling of passengers' noncompliance with airline policies ~~, including policies implemented in response to the COVID- 19 pandemic~~ . Passenger complaints, together with reports of lost baggage, delayed and cancelled flights and other service issues, are reported to the public by the DOT. The DOT may choose to investigate such customer complaints **,** and ~~this~~ **we have in the past received information requests from the DOT related to our compliance with certain consumer protection requirements. DOT investigations may result in fines or other penalties; for example, we have previously been required to provide flight credits to certain customers and pay a net cash penalty pursuant to a settlement agreement with the DOT. While such penalties have not previously had a material impact, future fines or other penalties imposed by the DOT** could **have a material adverse effect** ~~result in fines. For instance,~~ on ~~March 12~~ **our business** , ~~2021~~ **results of operations** , **and financial condition.** In November 2022, we completed our migration to a self- service customer service model. Following this transition, our customers are able to receive support via online, mobile and text channels, including the option to chat with a live agent, but will no longer be able to speak with an agent over the telephone. Some of our customers may still prefer to speak with a live agent and could develop a negative perception of our self- service model. If we do not meet our customers' expectations with respect to reliability and service, our brand and product could be negatively impacted, which could result in customers deciding not to fly with us and adversely affect our business and reputation. We rely on maintaining a high daily aircraft utilization rate to implement our low- cost structure, which makes us especially vulnerable to flight delays, flight cancellations, aircraft unavailability or unplanned reductions in demand ~~such as has been caused by the COVID- 19 pandemic. We have maintained a high daily aircraft utilization rate prior to the COVID- 19 pandemic and expect our utilization rate to increase as the U. S. market continues to recover from the pandemic~~ . Our average daily aircraft utilization was 11. **3 hours and 11.** 1 ~~hours and 9. 8~~ hours for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. Aircraft utilization is the average amount of time per day that our aircraft spend carrying passengers. Part of our business strategy is to maximize revenue per aircraft through high daily aircraft utilization, which is achieved, in part, by quick turnaround times at airports so we can fly more hours on average in a day. Aircraft utilization is reduced by delays and cancellations caused by various factors, many of which are beyond our control, including air traffic congestion at airports or other air traffic control problems or outages, labor availability, adverse weather conditions, increased security measures or breaches in security, international or domestic conflicts, terrorist activity or other changes in business conditions. A significant portion of our operations are concentrated in markets such as Denver, the Southeast, the Northeast and Northern Midwest regions of the United States, which are particularly vulnerable to weather, airport traffic constraints and other delays, particularly in the winter months and during hurricane season. In addition, pulling aircraft out of service for unscheduled and scheduled maintenance **, such as may be required with respect to PW1100 GTF engines,** may materially reduce our average fleet utilization and require that we re- accommodate passengers or seek short- term substitute capacity at increased costs. Further, an unplanned reduction in demand ~~, such as that caused by the COVID- 19 pandemic,~~ reduces the utilization of our fleet and results in a related increase in unit costs, which may be material. Due to the relatively small size of our fleet ~~, our point- to- point network~~ and high daily aircraft utilization rate, the unexpected unavailability of one or more aircraft and resulting reduced capacity or even a modest decrease in demand could have a material adverse effect on our business, results of operations and financial condition. We are highly dependent upon our cash balances and operating cash flows. As of December 31, ~~2022~~ **2023** , we had $ ~~761~~ **609** million of total available liquidity in cash and cash equivalents. We will continue to be dependent on our operating cash flows (if any) and cash balances to fund our operations, provide capital reserves and make scheduled payments on our aircraft- related fixed obligations, including substantial PDPs related to the aircraft we have on order. In addition, we have sought, and may continue to seek, financing from other available sources to fund our operations, which includes PDP payments. Under the terms of the PDP Financing Facility, we are subject to a fixed charge coverage ratio requirement (the " FCCR Test "). If the FCCR Test is not maintained, we are required to test the loan to collateral ratio for the underlying aircraft in the PDP Financing Facility that are subject to financing (the " LTV Test ") and make any pre- payments or post additional collateral required in order to reduce the loan to value on each aircraft in the PDP Financing Facility that are subject to financing below a ratio threshold. The LTV Test is largely dependent on the appraised fair value of the underlying aircraft subject to financing. LTV Tests performed recently have not resulted in any required pre- payment of the PDP Financing Facility or posting of additional collateral. As of December 31, ~~2022~~ **2023** , we were not subject to any credit card holdbacks, although if we fail to maintain certain liquidity and other financial covenants, our credit card processors have the right to hold back credit card remittances to cover our obligations to them, which would result in a reduction of unrestricted cash that could be material. In addition, while we recently have been able to arrange aircraft lease financing that does not require that we maintain a maintenance reserve account, we are required by some of our aircraft leases, and could in the future be required, to fund reserves in cash in advance for scheduled maintenance to act as collateral for the benefit of lessors. In those circumstances, a portion of our cash is therefore unavailable until after we have completed the scheduled maintenance in accordance with the terms of the operating leases. Based on the age of our fleet and our growth strategy, we expect these maintenance deposits to decrease as we enter into operating leases for newly acquired aircraft that do not require reserves. If we fail to generate sufficient funds from operations to meet our operating cash requirements or do not obtain a line of credit, other borrowing facility or equity financing, we could default on our operating leases and fixed obligations. Our inability to meet our obligations as they become due could have a material adverse effect on our business, results of operations and financial condition. Our ability to obtain financing or access capital markets may be limited. We have significant obligations to purchase aircraft and spare engines that we have on order from Airbus and Pratt & Whitney **, respectively** . As of December 31, ~~2022~~ **2023** , we had a firm obligation to purchase ~~221~~ **210** A320neo family aircraft **and 15 additional spare engines** to be delivered by the end of 2029 **. Of our aircraft commitments** , **four** ~~8 of which~~ had committed operating leases for ~~2023~~ **2024 deliveries, and 12 were subject to non- binding letters of intent to provide operating lease financing for 2024** deliveries. We are evaluating financing options for the remaining aircraft. There are a number of factors that may affect our ability to raise financing or access the capital markets in the future, including our liquidity and credit status, our operating cash flows, market conditions in the airline industry, U. S. and global economic conditions, the general state of the capital markets and the financial position of the major providers of commercial aircraft financing. We cannot assure you that we will be able to source external financing for our planned aircraft acquisitions or for other significant capital needs, and if we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected. To the extent we finance our activities with additional debt, we may become subject to financial and other covenants that may restrict our ability to pursue our business strategy or otherwise constrain our growth and operations. As of December 31, 2022,...... results of operations and financial condition. Our maintenance costs will increase over the near term, we will periodically incur substantial maintenance costs due to the maintenance schedules of our aircraft fleet and obligations to the lessors and we could incur significant maintenance expenses outside of such maintenance schedules in the future. As of December 31, ~~2022~~ **2023** , the operating leases for **0** ~~7, 4~~ , 8, 20 **, 19** and ~~17~~ **14** aircraft in our fleet were scheduled to terminate during ~~2023,~~ 2024, 2025, 2026 ~~and~~ **,** 2027 **and 2028** , respectively. In certain circumstances, such operating leases may be extended. Prior to such aircraft being returned, we will incur costs to restore these aircraft to the condition required by the terms of the underlying operating leases. The amount and timing of these so- called " return conditions " costs can prove unpredictable due to uncertainty regarding the maintenance status of each particular aircraft at the time it is to be returned, and it is not unusual for disagreements to ensue between the airline and the leasing company as to the required maintenance on a given aircraft or engine. In addition, as of December 31, ~~2022~~ **2023** , we had a firm obligation to purchase ~~221~~ **210** A320neo family aircraft by the end of 2029. We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a " maintenance holiday ") because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are first required. Following these initial maintenance holiday periods, the new aircraft we have an obligation to acquire will require more maintenance as they age and our maintenance and repair expenses for each newly purchased aircraft will be incurred at approximately the same intervals. Moreover, because a large portion of our future fleet will be acquired over a relatively short period, significant maintenance to be scheduled on each of these planes may occur concurrently with other aircraft acquired around the same time, meaning we may incur our heavy maintenance obligations across large portions of our fleet around the same time. These more significant maintenance activities result in out- of- service periods during which our aircraft are dedicated to maintenance activities and unavailable to fly revenue service. Outside of scheduled maintenance, we incur from time to time unscheduled maintenance which is not forecast in our operating plan or financial forecasts, and which can impose material unplanned costs and the loss of flight equipment from revenue service for a significant period of time. For example, a single unplanned engine event can require a shop visit costing several million dollars and cause the engine to be out of service for a number of months. Furthermore, the terms of some of our lease agreements require us to pay maintenance reserves to the lessor in advance of the performance of major maintenance, resulting in our recording significant prepaid deposits on our consolidated balance sheet. In addition, the terms of any lease agreements that we enter into in the future could also require maintenance reserves in excess of our current requirements. We expect scheduled and unscheduled aircraft maintenance expenses to increase over the next several years. Any significant increase in maintenance and repair expenses could have a material adverse effect on our business, results of operations and financial condition. Please see " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates — Aircraft Leases — Maintenance Reserves and Aircraft Return Costs ". We have a significant amount of aircraft- related fixed obligations and obligations under other debt arrangements that could impair our liquidity and thereby harm our business, results of operations and financial condition. The airline business is capital intensive and, as a result, many airline companies are highly leveraged. As of December 31, ~~2022~~ **2023** , all ~~120~~ **136** aircraft in our fleet were financed under operating leases. For the years ended December 31, **2023 and** 2022 ~~and 2021~~ , we incurred aircraft rent of $ **554 million and $** 556 million ~~and $ 530 million~~ , respectively, and maintenance costs of **$ 179 million and** $ 146 million, ~~$ 119 million,~~ respectively. **As** ~~The payback of all previous aircraft and engine rent deferrals related to deferral arrangements with our lessors due to the COVID- 19 pandemic was completed as~~ of December 31, ~~2021~~ **2023** ~~,~~ and ~~, therefore, there was no impact to aircraft rent within our consolidated statement of operations for the year ended December 31,~~ 2022 ~~. For the year ended December 31, 2021, aircraft rent included a $ 31 million unfavorable impact from payments related to deferral arrangements. As of December 31, 2022 and 2021~~ , we had future operating lease obligations of approximately $ 2, ~~499~~ **989** million and $ 2, ~~435~~ **499** million, respectively, and future principal debt obligations of $ **474 million and $** 431 ~~million and $ 423~~ million, respectively. For the years ended December 31, **2023 and** 2022 ~~and 2021~~ , we made cash payments for interest related to debt of $ **28 million and $** 14 ~~million and $ 9~~ million, respectively. In addition, we have significant obligations for aircraft and spare engines that we have on order from Airbus and Pratt & Whitney **, respectively,** for delivery through 2029. Our ability to pay the fixed costs associated with our contractual obligations will depend on our operating performance, cash flows and our ability to secure adequate financing, which will in turn depend on, among other things, the success of our current business strategy, fuel price volatility, any significant weakening or improvement in the U. S. economy and the availability and cost of financing, as well as general economic and political conditions and other factors that are, to some extent, beyond our control. The amount of our aircraft- related fixed obligations and our obligations under other debt arrangements could have a material adverse effect on our business, results of operations and financial condition and could: • require a substantial portion of cash flows from operations be used for operating lease and maintenance deposit payments, thereby reducing the availability of our cash flows to fund working capital, capital expenditures and other general corporate purposes; • limit our ability to make required PDPs, including those payable to our aircraft and engine manufacturers for our aircraft and spare engines on order; • limit our ability to obtain additional financing to support our expansion plans and for working capital and other purposes on acceptable terms or at all; • make it more difficult for us to pay our other obligations as they become due during adverse general economic and market industry conditions because any related decrease in revenues **or increase in costs** could cause us to not have sufficient cash flows from operations to make our scheduled payments; • reduce our flexibility in planning for, or reacting to, changes in our business and the airline industry and, consequently, place us at a competitive disadvantage to our competitors with lower fixed payment obligations; and • cause us to lose access to one or more aircraft and forfeit our maintenance and other deposits if we are unable to make our required aircraft lease rental payments and our lessors exercise their remedies under the lease agreement including cross default provisions in certain of our leases. A failure to pay our operating lease, debt, fixed costs and other obligations or a breach of our contractual obligations could result in various adverse consequences, including the exercise of remedies by our creditors and lessors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease payments or otherwise cover our fixed costs, which could have a material adverse effect on our business, results of operations and financial condition. We rely on third- party specialists and other commercial partners to perform functions integral to our operations. We have historically entered into agreements with third- party specialists to furnish certain facilities and services required for our operations, including ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities, as well as administrative and support services. **We** ~~In response to the COVID- 19 pandemic, we have increased our reliance on such third parties. As the U. S. market continues to recover from the pandemic, we~~ are likely to enter into similar service agreements in new markets we decide to enter, and we cannot assure you that we will be able to obtain the necessary services at acceptable rates. In addition, ~~as airlines continue to restore capacity in response to increased demand for air travel following the height of the pandemic,~~ certain third- party vendors may have difficulty hiring or retaining sufficient talent to meet their obligations to us due to the worker shortage impacting certain sectors of the U. S. labor market ~~and the impact of the COVID- 19 pandemic including, among other things, employee responses to any potential vaccine mandates~~. As we outsource certain critical business activities to third parties and we depend on a limited number of suppliers for our aircraft and engines, we have increased our reliance on the successful implementation and execution of the business continuity planning of such third- party service providers in the current environment. If one or more of such third parties experience operational failures as a result of ~~the impacts of the COVID- 19 pandemic, including due to the~~ significant disruption in global supply chains ~~and~~ **,** staffing shortages ~~caused by the pandemic~~, or due to sanctions imposed by the United States and foreign government bodies in response to the war between Russia and Ukraine **and the conflict in the Middle East**, or claim that they cannot perform due to a force majeure event, it may have a material adverse impact on our business, results of operations and financial condition. We cannot guarantee that, as a result of the ongoing, or future, supply chain disruptions or staffing shortages, we or our third- party service providers will be able to timely source all of the products and services we require in the course of our business, or that we will be successful in procuring suitable alternatives. Although we seek to monitor the performance of third parties that furnish certain facilities or provide us with our ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities, the efficiency, timeliness and quality of contract performance by third- party specialists are often beyond our control, and any failure by our third- party specialists to perform up to our expectations may have an adverse impact on our business, reputation with customers, brand and operations. In addition, we could experience a significant business disruption if we were to change vendors or if an existing provider ceased to be able to serve us. We expect to be dependent on such third- party arrangements for the foreseeable future. We rely on third- party distribution channels to distribute a portion of our airline tickets. We rely on third- party distribution channels, including those provided by or through GDSs, conventional travel agents and OTAs to distribute a portion of our airline tickets and to collect a portion of our ancillary revenues. These distribution channels are more expensive and at present have less functionality in respect of ancillary revenues than those we operate ourselves, such as our website. Certain of these distribution channels also effectively restrict the manner in which we distribute our products. To remain competitive, we will need to successfully manage our distribution costs and rights, and improve the functionality of third- party distribution channels, while maintaining an industry- competitive cost structure. Negotiations with key GDSs and OTAs designed to manage our costs, increase our distribution flexibility and improve functionality could be contentious, could result in diminished or less favorable distribution of our tickets and may not provide the functionality we require to maximize ancillary revenues. In addition, in the last several years there has been significant consolidation among GDSs and OTAs, including the acquisition by Expedia of both Orbitz and Travelocity, and the acquisition by Amadeus of Navitaire (the reservations system that we use). This consolidation and any further consolidation could affect our ability to manage our distribution costs due to a reduction in competition or other industry factors. Any inability to manage such costs, rights and functionality at a competitive level or any material diminishment in the distribution of our tickets could have a material adverse effect on our competitive position and our results of operations. Moreover, our ability to compete in the markets we serve may be threatened by changes in technology or other factors that may make our existing third- party sales channels impractical, uncompetitive or obsolete. We rely heavily on technology and automated systems to operate our business, and any failure of these technologies or systems or any failure on our part to implement any new technologies or systems could materially adversely affect our business. We are highly dependent on technology and computer systems and networks to operate our business. These technologies and systems include our computerized airline reservation system provided by Navitaire, ~~now a unit of Amadeus,~~ flight operations systems, telecommunications systems, mobile app, airline website, maintenance systems and check- in kiosks. In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information. The Navitaire reservations system, which is hosted and maintained under a long- term contract by a third- party specialist, is critical to our ability to issue, track and accept tickets, conduct check- in, board and manage our passengers through the airports we serve and provide us with access to GDSs, which enlarge our pool of potential passengers. There are many instances in the past where a reservations system malfunctioned, whether due to the fault of the system provider or the airline, with a highly adverse effect on the airline' s operations, and such a malfunction has in the past, and could in the future, occur on our system, or in connection with any system upgrade or migration in the future. We also rely on third- party specialists to maintain our flight operations systems, and if those systems are not functioning, we could experience service disruptions, which could result in the loss of important data, increase our expenses, decrease our operational performance and temporarily stall our operations. Any failure of the technologies and systems we use could materially adversely affect our business. In particular, if our reservation system fails or experiences interruptions, and we are unable to book seats for a period of time, we could lose a significant amount of revenue as customers book seats on other airlines, and our reputation could be harmed. In addition, replacement technologies and systems for any service we currently utilize that experiences failures or interruptions may not be readily available on a timely basis, at competitive rates or at all. Furthermore, our current technologies and systems are heavily integrated with our day- to- day operations and any transition to a new technology or system could be complex and time- consuming. In the event that one or more of our primary technology or systems vendors fails to perform, and a replacement system is not available or if we fail to implement a replacement system in a timely and efficient manner, our business could be materially adversely affected. **See Part I, Item 1C, " Cybersecurity " for additional discussion.** Unauthorized use, unauthorized incursions or user exploitation of our information technology infrastructure could compromise the personally identifiable information of our passengers, prospective passengers or personnel, and other sensitive information and expose us to liability, damage our reputation and have a material adverse effect on our business, results of operations and financial condition. In the processing of our customer transactions and as part of our ordinary business operations, we and certain of our third- party specialists collect, process, transmit and store a large volume of personally identifiable information of our passengers, prospective passengers or personnel, including email addresses, home addresses, financial data such as credit and debit card information and other sensitive information. The security of the systems and network where we and our third- party specialists store this data is a critical element of our business, and these systems and our network may be vulnerable to cyberattacks and other security issues, including threats potentially involving criminal hackers, hacktivists, state- sponsored actors, corporate espionage, employee malfeasance and human or technological error. Threats to cybersecurity have increased with the sophistication of malicious actors, and we must manage those evolving risks. We have been the target of cybersecurity attacks in the past **, none of which has had a material impact on our business or financial condition** and expect that we will continue to be **a target** in the future. Recently, several high- profile companies have experienced significant data breaches and ransom attacks, which have caused those companies to suffer substantial financial and reputational harm. Failure to appropriately address these issues could also give rise to potentially material legal risks and liabilities. A significant cybersecurity incident could result in a range of potentially material negative consequences for us, including lost revenue; unauthorized access to, disclosure, modification, misuse, loss or destruction of company systems or data; theft of sensitive, regulated or confidential data, such as personal identifying information or our intellectual property; the loss of functionality of critical systems through ransomware, denial of service or other attacks; and business delays, service or system disruptions, damage to equipment and injury to persons or property. The costs and operational consequences of defending against, preparing for, responding to and remediating an incident may be substantial. As cybersecurity threats become more frequent, intense and sophisticated, costs of proactive defense measures are increasing. Further, we could be exposed to litigation, regulatory enforcement or other legal action as a result of an incident, carrying the potential for damages, fines, sanctions or other penalties, as well as injunctive relief requiring costly compliance measures. A cybersecurity incident could also impact our brand, harm our reputation and adversely impact our relationship with our customers, employees and stockholders. Additionally, any material failure by us or our third- party specialists to maintain compliance with the Payment Card Industry security requirements or to rectify a data security issue may result in fines and restrictions on our ability to accept credit and debit cards as a form of payment. While we have taken precautions to avoid an unauthorized incursion of our computer systems, we cannot assure you that our precautions are either adequate or implemented properly to prevent and detect a data breach or other cybersecurity incident and its adverse financial and reputational consequences to our business. **Moreover, there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information. See Part I, Item 1C, " Cybersecurity " for additional discussion.** We are also subject to increasing legislative, regulatory and customer focus on privacy issues and data security in the United States and abroad. **As a result, we must comply with a proliferating and fast- evolving set of legal requirements in this area, including substantive data privacy and cybersecurity standards as well as requirements for notifying regulators and affected individuals in the event of a data security incident. In addition, we are subject to an increasing number of reporting obligations in respect of material cybersecurity incidents.** ~~The~~ **These reporting requirements have been proposed or implemented by a number of regulators in different jurisdictions, may vary in their scope and application, and could contain conflicting requirements. Certain of these rules and regulations may require us to report a cybersecurity incident before we have been able to fully assess its impact or remediate the underlying issue. Efforts to comply with such reporting requirements could divert management' s attention from our incident response and could potentially reveal system vulnerabilities to threat actors. Failure to timely report incidents under these rules could also result in monetary fines, sanctions, or subject us to other forms of liability. Moreover, the** compromise of our technology systems resulting in the loss, disclosure, misappropriation of or access to the personally identifiable information of our passengers, prospective passengers or personnel could result in governmental investigation, civil liability or regulatory penalties under laws protecting the privacy of personal information, any or all of which could disrupt our operations and have a material adverse effect on our business, results of operations and financial condition. In addition, a number of our commercial partners, including credit card companies, have imposed data security standards on us, and these standards continue to evolve. We will continue our efforts to meet our privacy and data security obligations; however, it is possible that certain new obligations may be difficult to meet and could increase our costs. Although we have significantly reconfigured our network since 2013, our business remains dependent on select large markets and increases in competition or congestion or a reduction in demand for air travel in these markets would harm our business. We are highly dependent on select markets where we maintain a large presence, with ~~26~~ **24** % and ~~23~~ **22** % of our flights during the year ended December 31, ~~2022~~ **2023** having Denver International Airport ~~and~~ **or** Orlando International Airport as either their origin or destination, respectively. We primarily operate out of Concourse A at Denver International Airport, and in May 2022, we entered into a 10- year airport use and lease agreement with the City and County of Denver which includes a new ground- level boarding facility and 14 accompanying gates. Additionally, we operate at Orlando International Airport under an operating lease which expires in 2024. We have experienced an increase in flight delays and cancellations at these airports due to airport congestion, which has adversely affected our operating performance and results of operations. We have also experienced increased competition at Denver International Airport ~~since 2017~~ **and Orlando International Airport** from carriers adding flights to and from Denver **and Orlando, respectively** . Additionally, flight operations in both Orlando and Denver can face extreme weather challenges which, at times, has resulted in severe disruptions in our operation and the occurrence of material costs as a consequence of such disruptions. Our business could be further harmed by an increase in the amount of direct competition we face in the select markets we operate in or by continued or increased congestion, delays or cancellations. Our business would also be harmed by any circumstances causing a reduction in demand for air transportation in the select markets we operate in, such as adverse changes in local economic conditions, health concerns, adverse weather conditions, negative public perception of those markets, terrorist attacks or significant price or tax increases linked to increases in airport access costs and fees imposed on passengers **. Additionally, if consumer preference shifts towards international routes compared to domestic routes, our business would be harmed by the change in demand for a majority of our routes** . Changes in legislation, regulation and government policy have affected, and may in the future have a material adverse effect on, our business, results of operations, cash flows and financial condition. Changes in, and uncertainty with respect to, legislation, regulation and government policy at the local, state or federal level have affected, and may in the future significantly impact, our business and the airline industry. Specific legislative and regulatory proposals that could have a material impact on us in the future include, but are not limited to: infrastructure renewal programs; changes to operating and maintenance requirements and immigration and security policy and requirements; modifications to international trade policy, including withdrawing from trade agreements and imposing tariffs; changes to consumer protection laws; public company reporting requirements; environmental regulation and antitrust enforcement ~~. Any such changes may make it more difficult and / or more expensive for us to obtain new aircraft or engines and parts to maintain existing aircraft or engines or make it less profitable or prevent us from flying to or from some of the destinations we currently serve~~ . To the extent that any such changes have a negative impact on us or the airline industry in general, including as a result of related uncertainty, these changes may materially impact our business, results of operations, cash flows and financial condition. New U. S. tax legislation may adversely affect our business, results of operations, cash flows and financial condition. On August 16, 2022, the Inflation Reduction Act (the " IRA ") was signed into law in the United States. Among other changes, the IRA introduced a corporate minimum tax on certain corporations with average adjusted financial statement income over a three- tax year period in excess of $ 1 billion and an excise tax on certain stock repurchases by certain covered corporations for taxable years beginning after December 31, 2022. The corporate minimum tax and any excise tax imposed on any repurchases of our common stock made after December 31, 2022 may adversely affect our financial condition in the future. The U. S. government may enact additional significant changes to the taxation of business entities including, among others, an increase in the corporate income tax rate, significant changes to the taxation of income derived from international operations and an addition of further limitations on the deductibility of business interest. We are currently unable to predict whether such additional changes will occur. If such changes are enacted or implemented, we are currently unable to predict the ultimate impact on our business and therefore there can be no assurance that our business will not be adversely affected. Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited. Under the Internal Revenue Code of 1986, as amended (the " Code "), for U. S. federal income tax purposes, a corporation is generally allowed a deduction for net operating losses (" NOLs ") carried over from prior taxable years. As of December 31, ~~2022~~ **2023** , we had deferred tax assets of approximately $ ~~32~~ **53** million, $ 11 million and $ ~~7~~ **11** million related to NOLs available to reduce future federal, state and foreign taxable income, respectively. Under current tax law, our federal NOL carryforwards do not expire, but the deductibility of such NOL carryforwards is limited to 80 % of our taxable income. Our state NOLs may expire, if not utilized, from one year to having no expiration depending on the state the NOL is attributed to, and our foreign NOLs expire in ~~eight~~ **seven** years. As a result of our assessment over the future realizability of these NOLs, as of December 31, ~~2022~~ **2023** , we ~~maintained a~~ **have an** $ ~~7~~ **11** million valuation allowance related to our foreign deferred tax assets and a $ ~~1~~ **37** million valuation allowance related to certain **federal and** state deferred tax assets, **with a portion considered** ~~as these benefits related to our NOLs will most likely not be realized~~ **realizable** ~~given~~ **due to** the **future reversals of existing taxable temporary liabilities** ~~short expiry periods in foreign and certain state jurisdictions~~ . Realization of these NOL carryforwards depends on our future taxable income, and there is a risk that, due to ~~the COVID- 19 pandemic and other~~ economic factors, a portion of our existing NOL carryforwards could expire before we can generate sufficient taxable income to use them. In addition, under Sections 382 and 383 of the Code, if a corporation undergoes an " ownership change, " generally defined as a greater than 50 percentage point change (by value) in its equity ownership by significant stockholders or groups of stockholders over a three- year period, the corporation' s ability to use its pre- change NOL carryforwards and other pre- change tax attributes to offset its post- change taxable income or income tax liabilities may be limited. We may experience ownership changes in the future because of, among other things, shifts in our stock ownership, many of which are outside of our control. If we were to experience an ownership change for purposes of Section 382 of the Code, our ability to use our NOL carryforwards and other tax attributes to offset future U. S. federal taxable income or income tax liabilities may become subject to limitations. Similar rules and limitations may apply under state and foreign tax laws. If our NOL carryforwards expire unused (to the extent subject to expiration) or are otherwise subject to limitation and unavailable to offset future taxable income, this could materially adversely affect our results of operations and financial condition. Any tariffs imposed on commercial aircraft and related parts imported from outside the United States may have a material adverse effect on our fleet, business, results of operations and financial condition. Certain of the products and services that we purchase, including our aircraft and related parts, are sourced from suppliers located in foreign countries, and the imposition of new tariffs, or any increase in existing tariffs, by the U. S. government on the importation of such products or services could materially increase the amounts we pay for them. In early October 2019, the World Trade Organization ruled that the United States could impose $ 7. 5 billion in retaliatory tariffs in response to illegal European Union subsidies to Airbus. On October 18, 2019, the United States imposed these tariffs on certain imports from the European Union, including a 10 % tariff on new commercial aircraft. In February 2020, the United States announced an increase to this tariff from 10 % to 15 %. These tariffs apply to aircraft that we are already contractually obligated to purchase. In June 2021, the United States and the European Union announced an agreement to suspend the imposition of the foregoing tariffs on commercial aircraft and related parts for five years. Any reimposition of these tariffs could substantially increase the cost of, among other things, imported new Airbus aircraft and parts required to service our Airbus fleet which, in turn, could have a material adverse effect on our business, results of operations and financial condition. Our business could be materially adversely affected if we lose the services of our key personnel. Our success depends **,** to a significant extent **,** upon the efforts and abilities of our senior management team and key financial and operating personnel ~~. In particular, we depend on the services of our senior management team~~ , particularly Barry L. Biffle, our ~~President and~~ Chief Executive Officer, ~~and~~ James G. Dempsey, our ~~Executive~~ **President, and Mark C. Mitchell, our Senior** Vice President and Chief Financial Officer. Competition for highly qualified personnel is intense, and the loss of any executive officer or other key employee without an adequate replacement, or the inability to attract new qualified personnel could have a material adverse effect on our business, results of operations and financial condition. We do not maintain key- man life insurance on our management team. We rely on our private equity sponsor. Our majority stockholder is presently an investment fund managed by Indigo Denver Management Company, LLC (“ Indigo ”), an affiliate of Indigo Partners, LLC (“ Indigo Partners ”), a private equity fund with significant expertise in the ultra low- cost airline business. This expertise has been available to us through the representatives Indigo has on our board of directors and through a Professional Services Agreement that was put in place in connection with the 2013 acquisition from Republic Airways Holdings, Inc. and pursuant to which we are charged a fee by Indigo Partners of approximately $ 375, 000 per quarter, plus expenses. Several members of our board of directors are also affiliated with Indigo Partners and we pay each of them an annual director’ s fee as compensation. Our engagement of Indigo Partners pursuant to the Professional Services Agreement will continue until the date that Indigo Partners and its affiliates own less than approximately 19. 8 million shares of our common stock. Indigo Partners may nonetheless elect to reduce its ownership in our company or reduce its involvement on our board of directors, which could reduce or eliminate the benefits we have historically achieved through our relationship with Indigo Partners, such as management expertise, industry knowledge and volume purchasing. See “ — Risks Related to Owning Our Common Stock — Indigo’ s current control of the Company severely limits the ability of our stockholders to influence matters requiring stockholder approval and could adversely affect our other stockholders and the interests of Indigo could conflict with the interests of other stockholders. ” Our quarterly results of operations fluctuate due to a number of factors, including seasonality. We expect our quarterly results of operations to continue to fluctuate due to a number of factors, including actions by our competitors, price changes in aircraft fuel and the timing and amount of maintenance expenses ~~, as well as the impacts of the COVID- 19 pandemic~~ . As a result of these and other factors, quarter- to- quarter comparisons of our results of operations and month- to- month comparisons of our key operating statistics may not be reliable indicators of our future performance. In addition, seasonality may cause our quarterly and monthly results to fluctuate since passengers tend to fly more during the summer months and less in the winter months, apart from the holiday season. We cannot assure you that we will find profitable markets in which to operate during the winter season. Such periods of low demand for air travel during the winter months could have a material adverse effect on our business, results of operations and financial condition. Our lack of membership in a marketing alliance or codeshare arrangements (other than with Volaris) could harm our business and competitive position. Many airlines, including the domestic legacy network airlines (American Airlines, Delta Air Lines and United Airlines), have marketing alliances with other airlines, under which they market and advertise their status as marketing alliance partners. These alliances, such as Oneworld, SkyTeam ~~,~~ and Star Alliance, generally provide for codesharing, frequent flyer program reciprocity, coordinated scheduling of flights to permit convenient connections and other joint marketing activities. In addition, certain of these alliances involve highly integrated antitrust immunized joint ventures. Such arrangements permit an airline to market flights operated by other alliance members as its own. This increases the destinations, connections and frequencies offered by the airline and provides an opportunity to increase traffic on that airline’ s segment of flights connecting with alliance partners. We currently do not have any marketing alliances or codeshare arrangements with U. S. or foreign airlines, other than the codeshare arrangement we entered into with **Controladora Vuela Compañía de Aviación, S. A. B. de C. V. (an airline based in Mexico doing business as “** Volaris **”)** in 2018. Our lack of membership in any other marketing alliances and codeshare arrangements puts us at a competitive disadvantage compared to traditional network carriers who are able to attract passengers through more widespread alliances, particularly on international routes, and that disadvantage may result in a material adverse effect on our business, results of operations and financial condition. The market price of our common stock may be volatile, which could cause the value of an investment in our stock to decline. The market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including, but not limited to: • announcements concerning our competitors, **suppliers,** the airline industry or the economy in general ~~; • developments with respect to the COVID- 19 pandemic, and government restrictions and mandates related thereto~~ ; • strategic actions by us or our competitors, such as acquisitions or restructurings; • media reports and publications about the safety of our aircraft **or engines** or the type of aircraft we operate; • new regulatory pronouncements and changes in regulatory guidelines **; • the impact of pandemics and other public health threats on air travel and any related government restrictions impacting air travel** ; • changes in the price or availability of aircraft fuel; • announcements concerning the availability of the type of aircraft we operate; • general and industry- specific economic conditions; • general market, political and other economic conditions, including economic slowdowns, recessions, inflationary pressures, rising interest rates, financial market fluctuations and reduced credit availability **; • regional and global conflicts** ; • changes in financial estimates or recommendations by securities analysts or failure to meet analysts' performance expectations; • sales of our common stock or other actions by investors with significant shareholdings, including sales by our principal stockholder; and • trading strategies related to changes in fuel or oil prices. The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. Broad market fluctuations may materially adversely affect the trading price of our common stock. In the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management' s attention and resources and have a material adverse effect on our business, results of operations and financial condition. If securities or industry analysts do not publish research or reports about our business or publish negative reports about our business, our stock price and trading volume could decline. The trading market for our common stock depends in part on the research and reports that securities and industry analysts may publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, the trading price of our common stock would likely decline. If one or more of these analysts ceases to cover our company or fails to publish reports on us regularly, demand for our stock could decrease, which may cause the trading price of our common stock and the trading volume of our common stock to decline. The issuance or sale of shares of our common stock, or rights to acquire shares of our common stock, or the exercise of ~~the PSP warrants, PSP2 warrants, PSP3 warrants or Treasury Loan~~ warrants issued to the Treasury **as part of the funding provided under the CARES Act** , could depress the trading price of our common stock. We may conduct future offerings of our common stock, preferred stock or other securities that are convertible into, or exercisable for, our common stock to finance our operations or fund acquisitions, or for other purposes. In connection with our participation in the **Payroll Support Program (the "** PSP **")** , the second Payroll Support Program (" PSP2 ") and the Payroll Support Program 3 (" PSP3 "), we issued warrants to the **U. S. Department of the** Treasury **(the " Treasury ")** which are exercisable for up to an aggregate of 759, 850 shares of our common stock. In connection with the $ 150 million borrowing from the Treasury **(the " Treasury** Loan **")** , which was repaid in full on February 2, 2022, we issued warrants to the Treasury which are exercisable for up to 2, 358, 090 shares of our common stock. Further, we reserve shares of our common stock for future issuance under our equity incentive plans, which shares are eligible for sale in the public market to the extent permitted by the provisions of various agreements and, to the extent held by affiliates, the volume and manner of sale restrictions of Rule 144. If these additional shares are sold, or if it is perceived that they will be sold, into the public market, the trading price of our common stock could decline substantially. If we issue additional shares of our common stock or rights to acquire shares of our common stock, if any of our existing stockholders sell a substantial amount of our common stock or if the market perceives that such issuances or sales may occur, then the trading price of our common stock could significantly decline. In addition, the issuance of additional shares of common stock would dilute the ownership interests of our existing common stockholders. The value of our common stock may be materially adversely affected by additional issuances of common stock or preferred stock by us or sales by our principal stockholder. Any future issuances or sales of our common stock by us will be dilutive to our existing common stockholders. We had ~~217~~ **222** , ~~875~~ **998** , ~~890~~ **790** shares of common stock outstanding as of December 31, ~~2022~~ **2023** . An investment fund managed by Indigo, **which holds** ~~the holder of~~ approximately 178. 8 million shares of our common stock as of December 31, ~~2022~~ **2023** , is entitled to rights with respect to registration of all such shares under the Securities Act pursuant to a registration rights agreement. Sales of substantial amounts of our common stock in the public or private market, a perception in the market that such sales could occur or the issuance of securities exercisable or convertible into our common stock could adversely affect the prevailing trading price of our common stock. As of the date of this report, an investment fund managed by Indigo beneficially owns approximately ~~82~~ **80** . ~~0~~ **1** % of our outstanding common stock. As a result, Indigo will be able to exert a significant degree of influence or actual control over our management and affairs and over matters requiring stockholder approval, including the election of directors, a merger, consolidation or sale of all or substantially all of our assets and other significant business or corporate transactions. Until such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, Indigo will have the ability to take stockholder action by written consent without calling a stockholder meeting and to approve amendments to our amended and restated certificate of incorporation and amended and restated bylaws and to take other actions without the vote of any other stockholder. As a result, Indigo will have the ability to control all such matters affecting us, including: • the composition of our board of directors and, through our board of directors, any determination with respect to our business plans and policies; • the compensation of our named executive officers; • our acquisition or disposition of assets; • our financing activities, including the issuance of additional **debt and** equity securities; • any determinations with respect to mergers, acquisitions and other business combinations; • corporate opportunities that may be suitable for us and Indigo; • the payment of dividends on our common stock; and • the number of shares available for issuance under our stock plans for our existing and prospective employees. This concentrated control will limit the ability of other stockholders to influence corporate matters and, as a result, we may take actions that our other stockholders do not view as beneficial. Indigo' s voting control may also discourage or block transactions involving a change of control of the Company, including transactions in which you, as a stockholder, might otherwise receive a premium for your shares over the then- current market price. For example, this concentration of ownership could have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us which, in turn, could cause the trading price of our common stock to decline or prevent our stockholders from realizing a premium over the trading price of their common stock. Moreover, Indigo is not prohibited from selling a controlling interest in us to a third- party **or otherwise divesting of some or all of its shares,** and may do so without your approval ~~and~~ **,** without providing for a purchase of your shares of

common stock and in a manner that may have negative consequences for the trading market in the common stock. Accordingly, your shares of common stock may be worth less than they would be if Indigo did not maintain voting control over us **or the Company had a fully distributed ownership structure** . In addition, the interests of Indigo could conflict with the interests of other stockholders. As of December 31, ~~2022~~ **2023** , investment funds managed by Indigo Partners held approximately 18 % of the total outstanding common stock shares of Volaris, and two of our directors, ~~William A~~ **Andrew S** . ~~Franke~~ **Broderick** and Brian H. Franke, are members of the board of directors of Volaris, with Brian H. Franke serving as chair since April 2020. In addition, one of our directors, ~~Andrew S~~ **William A** . ~~Broderick~~ **Franke** , is an **honorary** ~~alternate on the board of directors~~ - **director** for Volaris. As of December 31, ~~2022~~ **2023** , we had only two overlap markets with Volaris. Neither Indigo Partners, its portfolio companies, funds or other affiliates, nor any of their officers, directors, agents, stockholders, members or current or future partners will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities or lines of business in which we operate. See " — Our amended and restated certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities. " Our anti- takeover provisions may delay or prevent a change of control, which could adversely affect the price of our common stock. Our amended and restated certificate of incorporation and amended and restated bylaws may make it difficult to remove our board of directors and management and may discourage or delay " change of control " transactions, which could adversely affect the trading price of our common stock. These provisions include, among others: • our board of directors is divided into three classes, with each class serving for a staggered three- year term, which prevents stockholders from electing an entirely new board of directors at an annual meeting; • no cumulative voting in the election of directors, which prevents the minority stockholders from electing director candidates; • the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors; • from and after such time as Indigo and its affiliates no longer hold a majority of the voting rights of our common stock, actions to be taken by our stockholders may only be affected at an annual or special meeting of our stockholders and not by written consent; • from and after such time as Indigo and its affiliates no longer hold a majority of the voting rights of our common stock, special meetings of our stockholders may be called only by the Chairman of our board of directors or by our corporate secretary at the direction of our board of directors; • advance notice procedures that stockholders, other than Indigo for so long as it and its affiliates hold a majority of the voting rights of our common stock, must comply with in order to nominate candidates to our board of directors and propose matters to be brought before an annual meeting of our stockholders may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer' s own slate of directors or otherwise attempting to obtain control of our company; • from and after such time as Indigo and its affiliates hold less than a majority of the voting rights of our common stock, a majority stockholder vote is required for removal of a director only for cause (and a director may only be removed for cause), and a 66 2 / 3 % stockholder vote is required for the amendment, repeal or modification of certain provisions of our certificate of incorporation and bylaws; and • our board of directors may, without stockholder approval, issue series of preferred stock, or rights to acquire preferred stock, that could dilute the interest of, or impair the voting power of, holders of our common stock or could also be used as a method of discouraging, delaying or preventing a change of control. Certain anti- takeover provisions under Delaware law also apply to us. While we have elected not to be subject to the provisions of Section 203 of the Delaware General Corporation Law (" DGCL ") in our amended and restated certificate of incorporation, such certificate of incorporation provides that in the event Indigo ~~Partners~~ and its affiliates cease to beneficially own at least 15 % of the then- outstanding shares of our voting common stock, we will automatically become subject to Section 203 of the DGCL to the extent applicable. Under Section 203, a corporation may not, in general, engage in a business combination with any holder of 15 % or more of its voting stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Our amended and restated certificate of incorporation and amended and restated bylaws provide for an exclusive forum in the Court of Chancery of the State of Delaware for certain disputes between us and our stockholders, and that the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act. Our amended and restated certificate of incorporation and amended and restated bylaws provide that: (i) unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for: (A) any derivative action or proceeding brought on our behalf, (B) any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our current or former directors, officers, other employees, agents or stockholders to us or our stockholders, including without limitation a claim alleging the aiding and abetting of such a breach of fiduciary duty, (C) any action asserting a claim against us or any of our current or former directors, officers, employees, agents or stockholders arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (D) any action asserting a claim related to or involving us that is governed by the internal affairs doctrine; (ii) unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act, and the rules and regulations promulgated thereunder, including all causes of action asserted against any defendant to such complaint; (iii) any person or entity purchasing or otherwise acquiring or holding any interest in our shares of capital stock will be deemed to have notice of and consented to these provisions; and (iv) failure to enforce the foregoing provisions would cause us irreparable harm, and we will be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions. This provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. This exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. Nothing in our amended and restated certificate of incorporation or amended and restated bylaws precludes stockholders that assert claims under the Exchange Act from bringing such claims in federal court to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law. We believe these provisions may benefit us by providing increased consistency in the application of Delaware law and federal securities laws by chancellors and judges, as applicable, particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi- forum litigation. If a court were to find the choice of forum provision that is contained in our amended and restated certificate of incorporation or amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, results of operations and financial condition. For example, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act. The choice of forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our current or former directors, officers, other employees, agents, or stockholders, which may result in increased costs or discourage a stockholder from bringing such claims. Our amended and restated certificate of incorporation provides for the allocation of certain corporate opportunities between us and Indigo **and its affiliates, including Indigo Partners** . Under these provisions, neither Indigo **Partners** , its portfolio companies, funds or other affiliates, nor any of their agents, stockholders, members, partners, officers, directors and employees will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities or lines of business in which we operate. For instance, a director of our company who also serves as a stockholder, member, partner, officer, director or employee of Indigo **Partners** or any of its portfolio companies, funds or other affiliates may pursue certain acquisitions or other opportunities that may be complementary to our business and, as a result, such acquisitions or other opportunities may not be available to us. These potential conflicts of interest could have a material adverse effect on our business, results of operations or financial condition, if attractive corporate opportunities are allocated by Indigo **Partners** to itself or its portfolio companies, funds or other affiliates instead of to us. In addition, our amended and restated certificate of incorporation provides that we shall indemnify each the aforementioned parties in the event of any claims for breach of fiduciary or other duties brought in connection with such other opportunities. The terms of our amended and restated certificate of incorporation are more fully described in the Description of the Registrant' s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, which is filed as Exhibit 4. 1 hereto. To comply with restrictions imposed by federal law on foreign ownership and control of U. S. airlines, our amended and restated certificate of incorporation and amended and restated bylaws restrict ownership, voting and control of shares of our common stock by non- U. S. citizens. The restrictions imposed by federal law and DOT policy require that we must be owned and controlled by U. S. citizens, that no more than 25 ~~. 0~~ % of our voting stock be owned or controlled, directly or indirectly, by persons or entities who are not U. S. citizens, as defined in 49 U. S. C. § 40102 (a) (15), that our president and at least two- thirds of the members of our board of directors and other managing officers be U. S. citizens, and that we be under the actual control of U. S. citizens. In addition, ~~and subject to the limitation that no more than 25. 0 % of our voting stock be owned or controlled, directly or indirectly, by persons or entities who are not U. S. citizens,~~ up to 49 ~~. 0~~ % of our outstanding stock may be owned or controlled, directly or indirectly, by persons or entities who are not U. S. citizens but only if those non- U. S. citizens are from countries that have entered into " open skies " air transport agreements with the United States which allow unrestricted access between the United States and the applicable foreign country and to points beyond the foreign country on flights serving the foreign country. Our amended and restated certificate of incorporation and amended and restated bylaws provide that the failure of non- U. S. citizens to register their shares on a separate stock record, which we refer to as the " foreign stock record, " would result in a loss of their voting rights in the event and to the extent that the aggregate foreign ownership of the outstanding common stock exceeds the foreign ownership restrictions imposed by federal law. Our amended and restated bylaws further provide that no shares of our common stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. If it is determined that the amount registered in the foreign stock record exceeds the foreign ownership restrictions imposed by federal law, shares will be removed from the foreign stock record, resulting in the loss of voting rights, in reverse chronological order based on the date of registration therein, until the number of shares registered therein does not exceed the foreign ownership restrictions imposed by federal law. We believe we are currently in compliance with these ownership restrictions. See " Business — Foreign Ownership " and the Description of the Registrant' s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, which is filed as Exhibit 4. 1 hereto. We are a " controlled company " within the meaning of the Nasdaq Stock Market rules, and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements. Our stockholders do not have the same protections afforded to stockholders of companies that are subject to such requirements. As of the date of this report, Indigo controls approximately ~~82~~ **80** . ~~0~~ **1** % of our outstanding common stock. As a result, we are a " controlled company " within the meaning of the Nasdaq Stock Market rules and exempt from the obligation to comply with certain corporate governance requirements, including the requirements that a majority of our board of directors consists of " independent directors, " as defined under the rules of the Nasdaq Stock Market, and that we have a compensation committee and a nominating and corporate governance committee that are composed entirely of independent directors. These exemptions do not modify the requirement for a fully independent audit committee, and our board of directors has determined that all of the members of our audit committee are independent under SEC rules and the rules of the Nasdaq Stock Market. Once we are no longer a " controlled company, " we must comply with the independent board committee requirements as they relate to the compensation committee and the nominating and corporate governance committee, subject to certain phase- in requirements. Additionally, we will have 12 months from the date we cease to be a " controlled company " to have a majority of independent directors on our board of directors. If we continue to utilize the " controlled company " exemption, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Nasdaq Stock Market. Our status as a controlled company could make our common stock less attractive to some investors or otherwise adversely affect its trading price. We are a holding company and rely on dividends, distributions, and other payments, advances, and transfers of funds from our subsidiaries to meet our obligations. We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers, including for payments in respect of indebtedness, at the holding company level from our subsidiaries to meet our obligations. ~~The~~ **Future** agreements governing the indebtedness of our subsidiaries, ~~including~~ **similar to** the CARES Act, **could** impose restrictions on our subsidiaries' ability to pay dividend distributions or other transfers to us. Each of our subsidiaries is a distinct legal entity, and under certain circumstances legal and contractual restrictions may limit our ability to obtain cash from them. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could also limit or impair their ability to pay dividends or other distributions to us. General Risk Factors ~~The requirements of being a public company may strain our resources, divert management' s attention and affect our ability to attract and retain qualified board members or executive officers. As a public company, we incur significant legal, accounting and other expenses that we did not previously incur as a private company, including costs associated with public company reporting requirements. We also have incurred and will incur costs associated with the Sarbanes- Oxley Act of 2002, as amended, the Dodd- Frank Wall Street Reform and Consumer Protection Act, related rules implemented or to be implemented by the SEC and the listing rules of the Nasdaq Stock Market. In recent years, the expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time- consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These laws and regulations could also make it more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or our board committees or as our executive officers and may divert management' s attention. Furthermore, if we are unable to satisfy our obligations as a public company, our common stock could be delisted, which could restrict our access to capital, and we could be subject to fines, sanctions and other regulatory action and potentially civil litigation. We are required to assess our internal control over financial reporting on an annual basis, and any future adverse findings from such assessment could result in a loss of investor confidence in our financial reports, result in significant expenses to remediate any internal control deficiencies and have a material adverse effect on our business, results of operations and financial condition. Pursuant to Section 404 of the Sarbanes- Oxley Act of 2002, as amended, our management is required to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting. The rules governing management' s assessment of our internal control over financial reporting are complex and require significant documentation, testing and possible remediation and our compliance with Section 404 requires that we incur substantial costs and expend significant management efforts. In connection with the attestation process by our independent registered public accounting firm, we may encounter problems or delays in implementing any requested improvements and receiving a favorable attestation. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our consolidated financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the Nasdaq Stock Market, regulatory investigations, civil or criminal sanctions and litigation, any of which could have a material adverse effect on our business, results of operations and financial condition.~~ We may become involved in litigation that could have a material adverse effect on our business, results of operations and financial condition. We have in the past been, are currently, and may in the future become, involved in private actions, class actions, investigations and various other legal proceedings, including from employees, commercial partners, customers, competitors and government agencies, among others. Such claims could involve discrimination (for example, based on gender, age, race or religious affiliation), sexual harassment, privacy, patent, commercial, product liability, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings. Further, from time to time, our employees may bring lawsuits against us regarding discrimination, sexual harassment, labor, Employee Retirement Income Security Act (" ERISA "), disability claims and employment and other claims ~~. For example, we currently face gender discrimination claims brought by certain of our employees~~ . In recent years, companies have experienced a general increase in the number of discrimination and harassment claims. Coupled with the expansion of social media platforms that allow individuals with access to a broad audience, these claims have had a significant negative impact on some businesses. Also, in recent years, there has been significant litigation in the United States and abroad involving patents and other intellectual property rights. We have in the past faced, and may face in the future, claims by third parties that we infringe upon their intellectual property rights. Any claims asserted against us or our management, regardless of merit or eventual outcome, could be harmful to our reputation and brand and have an adverse impact on our relationships with our customers, commercial partners and other third parties and could lead to additional related claims. Such matters can be time- consuming, divert management' s attention and resources, cause us to incur significant expenses or liability and / or require us to change our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we believe that we have meritorious claims or defenses.

Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, results of operations and financial condition.